

Minnesota Biennial Budget

FY 2012 - 2013



2012 - 2013

Governor's Budget Recommendation

*Presented by
Governor Mark Dayton
To the 87th Legislature
February 15, 2011*

*Volume II
(H - M)*

FY 2012 – 2013 Governor's Budget Recommendations

Volume 2

Recommendations for the following agencies:

- Health, Department of
- Higher Education Facilities Authority
- Housing Finance Agency
- Human Rights, Department of
- Human Services, Department of
- Humanities Commission
- Indian Affairs Council
- Investment Board
- Iron Range Resources & Rehab Board
- Judicial Standards Board
- Labor & Industry, Department of
- Legal Profession Boards
- Legislature
- Lottery
- Marriage & Family Therapy, Board of
- Mayo Clinic
- Mediation Service Bureau
- Medical Practices, Board of
- Metropolitan Council
- Military Affairs, Department of
- Minnesota Conservation Corp
- Minnesota Historical Society
- Minnesota Management & Budget
- Minnesota State Academies
- Minnesota State Colleges & Universities
- Minnesota State Retirement System

	PAGE
Agency Profile	3
Agency Fiscal Page (Gov Rec)	6
Change Summary	8
Agency Change Items	
⇒ Statewide Health Improvement Program	11
⇒ Health Care Reform	13
⇒ Fetal Alcohol Spectrum Disorders	15
⇒ Eliminate The Direct Grants From MERC	17
⇒ Transfer MERC Funds to the General Fund	18
⇒ Federally Qualified Health Centers	19
⇒ Operating Budget Reductions.....	20
⇒ Modify Fees For State Well Program	21
⇒ Bored Geothermal Heat Exchangers	23
⇒ Enclosed Sports Arena Certification Prog.....	25
⇒ Contaminants Emerging Pub Hlth Concern	27
⇒ Source Water Protection.....	29
⇒ County Well Index & Well Water Risk Eval.....	31
⇒ Well Sealing Cost Share	34
⇒ GPS Locating Wells/Arsenic Testing	35
Programs	
Community & Family Health Promotion	37
Program Summary	38
Budget Activities	
Community & Family Health	40
Budget Activity Summary	43
Health Promo & Chronic Disease.....	44
Budget Activity Summary	48
Minority Multicultural Health	49
Budget Activity Summary	52
Statewide Health Improvement	53
Budget Activity Summary	56
Policy Quality & Compliance	57
Program Summary	58
Budget Activities	
Compliance Monitoring.....	60
Budget Activity Summary	62
Health Policy	63
Budget Activity Summary	65

- CONTENTS (Continued)

PAGE

Health Protection	66
Program Summary	67
Budget Activities	
Environmental Health	69
Budget Activity Summary	71
Infectious Disease EPID, Prevention, & Control.....	72
Budget Activity Summary	75
Public Health Laboratory	76
Budget Activity Summary	79
Office Emergency Preparedness.....	80
Budget Activity Summary	82
Administrative Support Service	83
Program Summary	84
Budget Activities	
Administrative Services	85
Budget Activity Summary	87
Executive Office	88
Budget Activity Summary	90
Federal Funds Summary	91
Grants Detail.....	100
Agency Revenue Summary Fiscal Page	111

⇒ Designates that this item is a change item

Agency Purpose

The statutory mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of all Minnesotans. MDH approaches its work through core agency values of integrity, collaboration, respect, science-based decision making, & accountability.

MDH is the state's lead public health agency, responsible for operating programs that prevent infectious and chronic diseases and promote clean water, safe food, quality health care, and healthy living. The department also plays a significant role in making sure that Minnesota is ready to effectively respond to serious emergencies, such as natural disasters, emerging disease threats, and terrorism. The department carries out its mission in close partnership with local public health departments, tribal governments, the federal government, foreign countries, and many health-related organizations.

At a Glance

Community and Family Health Promotion

- Served 226,915 Minnesotans in the in the Women, Infant and Children Program in FY 2010.
- Screened 19,728 low income women for breast and/or cervical cancer in 2009.
- Tracked outcomes to measure Minnesota's progress toward reducing health disparities.
- Awarded grants to 53 community health boards and 9 tribal governments to implement evidenced based policy, systems, and environmental change strategies to reduce obesity and tobacco use and exposure.

Policy Quality and Compliance

- Monitors 7,950 health care facilities and providers for safety annually.
- Supports state and federal health reforms including payment reforms, performance measurement, delivery system design, transparency, insurance coverage, and Health Insurance Exchanges.

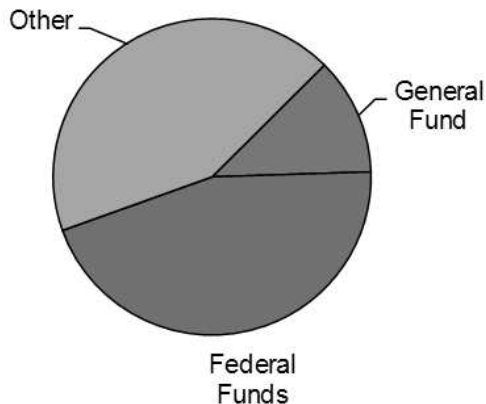
Health Protection

- Monitors food, drinking water, lodging and swimming pool safety at over 21,000 licensed restaurants and hotels statewide annually.
- Coordinates programs to immunize 70,000 infants annually to prevent serious disease annually.
- Processed over 70,000 tests on clinical specimens and 95,000 analytical tests on environment samples in the Public Health Lab in FY 2010.
- Prepared for and responded to events with public health impact including pandemic influenza (H1N1), floods and weather related incidents, and local and national foodborne disease outbreaks.

Administrative Services

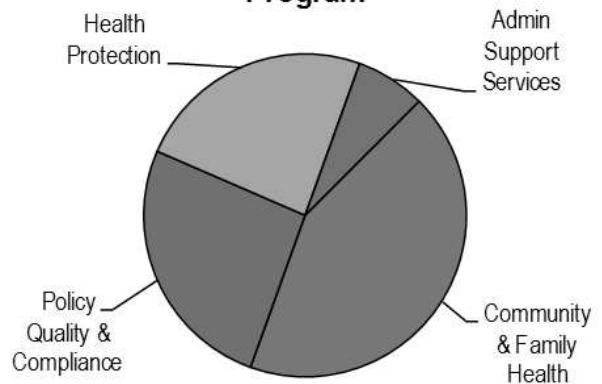
- Provides administrative oversight to over \$300 million in grants annually.
- Manages MDH central networks and infrastructure connecting all employees and 11 building locations.

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting and Procurement System

Strategies

In focusing on its mission, MDH's Strategic Plan has six framework goals, which are very diverse and far-reaching and focus on preventing health problems before they occur. Embedded in the work of each goal is the overarching goal of eliminating health disparities and achieving health equity.

- **Prevent the Occurrence and Spread of Diseases:** to ensure that individuals and organizations in Minnesota understand how to prevent diseases and practice disease prevention and disease threats are swiftly detected and contained.
- **Prepare for and Respond to Disasters and Emergencies:** to ensure that emergencies are rapidly identified and evaluated, resources for emergency response are readily mobilized, and Minnesota's emergency planning and response protects and restores health.
- **Make Physical Environments Safe and Healthy:** to ensure that Minnesotans' food and drinking water is safe, Minnesota's air, water and soil are safe and non-toxic, and the built environment in Minnesota supports safe and healthy living for all.
- **Help All People Get Quality Health Care Services:** to ensure that health care in Minnesota is safe, family and patient-centered, effective and coordinated, that health care services are available throughout Minnesota and that all Minnesotans have affordable coverage for the health care they need.
- **Promote Health throughout the Lifespan:** to ensure that all Minnesotans are given a healthy start in life, Minnesotans make healthy choices, and Minnesotans create social environments that support safe and healthy living at all ages.
- **Assure Strong Systems for Health:** to ensure that Minnesota's infrastructure for health is strong, people-centered and continues to improve, that Minnesota's health systems are transparent, accountable and engage many diverse partners and that government policies and programs support health.

Operations

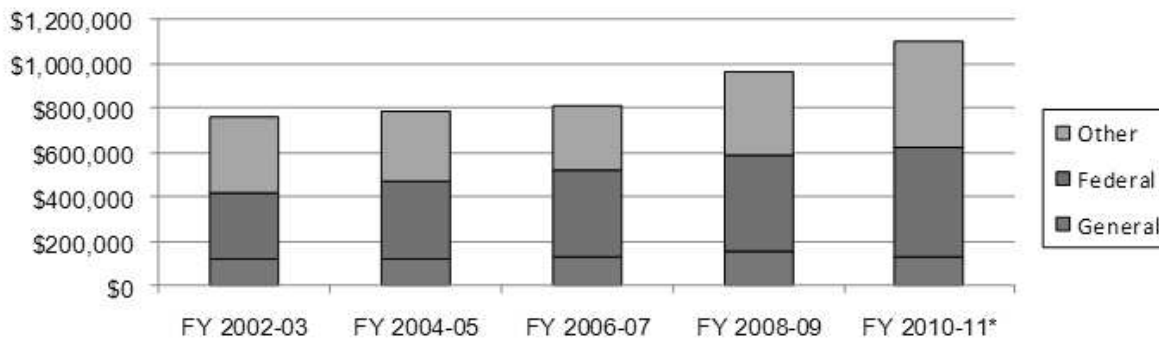
- **Prevent the Occurrence and Spread of Diseases** - MDH detects and investigates disease outbreaks, controls the spread of disease, encourages immunizations, and seeks to prevent or manage chronic and infectious diseases, including HIV/AIDS, tuberculosis, diabetes, asthma, cardiovascular disease, and cancer.
- **Prepare for and Respond to Disasters and Emergencies** - MDH works with many partners – including local public health departments, public safety officials, health care providers, and federal agencies – to prepare for significant public health emergencies. The department takes an "all-hazards" approach to planning so that Minnesota is prepared to respond quickly and effectively to any type of public health emergency, ranging from natural disasters to terrorism to an influenza pandemic.
- **Make Physical Environments Safe and Healthy** - MDH identifies and evaluates potential health hazards in the environment, from simple sanitation to risks associated with toxic waste sites and nuclear power plants. The department protects the safety of public water supplies and the safety of the food eaten in restaurants. The department's public health laboratories analyze complex and potentially dangerous biological, chemical, and radiological substances, employing techniques not available privately or from other government agencies.
- **Help All People Get Quality Health Care Services** - MDH safeguards the quality of health care in the state by regulating many people and institutions that provide care, including hospitals, health maintenance organizations, and nursing homes. Minnesota has pioneered improvements in the health care system, including the development of policies that assure access to affordable, high-quality care that offer models for the nation and assist providers to implement best practices based on national guidelines for care. Minnesota is a national leader in e-health and administrative simplification. The department monitors trends in costs, quality, and access in order to inform future policy decisions. The department also reports to consumers on health care quality through the nursing home report card, adverse health events report, and other special projects. MDH is the lead agency implementing Minnesota's health reform initiative and works with other state agencies on federal health care reform.
- **Promoting Health throughout the Lifespan** - MDH provides information and services to help people make healthy choices. Eating nutritiously, being physically active, and avoiding unhealthy substances, such as tobacco, can help prevent many serious diseases and improve the overall health of the state. MDH protects the health of mothers and children through a variety of maternal and child health programs such as family home visiting, newborn screening and follow-up, early identification and intervention for children with health and developmental issues, improved pregnancy outcomes efforts and implementation of health care homes. The department also protects the health of pregnant and nursing mothers, infants and young children through

the supplemental nutrition program Women, Infants and Children (WIC) and services for children with special health needs. Minnesota was one of the first states to regulate smoking in public places and has developed tobacco prevention strategies used nationwide. MDH programs also address the management of chronic diseases, oral health, occupational safety, injury, and violence prevention.

- **Assure Strong Systems for Health** – Minnesota has a nationally renowned public health system built on well-articulated state and local government roles. MDH provides technical and financial assistance to local public health agencies, public and private care providers, non-governmental organizations and teaching institutions. Technical assistance provides partners with access to current scientific knowledge which is commonly in the form of direct consultation, formal reports, and training. MDH monitors and reports on public health data that is used across the health system to guide programs and policies.

Budget Trends

Total Expenditures by Fund



* FY 2010-11 is estimated, not actual

Minnesota Department of Health annual non-general fund budget is dependent on grant opportunities (federal and private) and other state funds. Increases in federal grants are related to federal Emergency Preparedness Funding, including one-time funding for H1N1 response in FY 2010, as well as other one-time granting opportunities such as grants through the American Recovery and Reinvestment Act (ARRA) and the Patient Protection and Affordable Care Act (PPACA). Increases in other funds are related to increased one-time funding for Health Care Reform and the State Health Improvement Program (SHIP), as well as new funding through the Clean Water Legacy Fund. Although additional federal funding has become available, these funds are categorical in nature and typically do not support core public health infrastructure. In addition, this categorical funding is not sustainable, making it difficult to maintain an adequate core of highly trained personnel who can respond rapidly to future needs.

Contact

625 Robert Street North
Saint Paul, Minnesota 55155

Commissioner's Office
Phone: (651) 201-5810
E-Mail: Health.Commissioner@state.mn.us

Agency Overview: <http://www.health.state.mn.us/orginfo.html>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	594	594	594	1,188
Recommended	0	594	0	0	0
Change		0	(594)	(594)	(1,188)
% Biennial Change from 2010-11					-100%
General					
Current Appropriation	66,446	64,673	64,673	64,673	129,346
Recommended	66,446	64,673	77,456	72,807	150,263
Change		0	12,783	8,134	20,917
% Biennial Change from 2010-11					14.6%
State Government Spec Revenue					
Current Appropriation	45,415	45,718	45,718	45,718	91,436
Recommended	45,415	45,718	45,968	46,025	91,993
Change		0	250	307	557
% Biennial Change from 2010-11					0.9%
Health Care Access					
Current Appropriation	39,203	41,046	41,046	41,046	82,092
Recommended	39,203	41,046	31,456	30,822	62,278
Change		0	(9,590)	(10,224)	(19,814)
% Biennial Change from 2010-11					-22.4%
Miscellaneous Special Revenue					
Current Appropriation	8,550	8,550	8,550	8,550	17,100
Recommended	8,550	8,550	8,550	3,937	12,487
Change		0	0	(4,613)	(4,613)
% Biennial Change from 2010-11					-27%
Federal Tanf					
Current Appropriation	10,826	12,640	11,733	11,733	23,466
Recommended	10,826	12,640	11,713	11,713	23,426
Change		0	(20)	(20)	(40)
% Biennial Change from 2010-11					-0.2%
Clean Water					
Current Appropriation	1,645	2,105	2,105	2,105	4,210
Recommended	1,645	2,105	3,564	3,616	7,180
Change		0	1,459	1,511	2,970
% Biennial Change from 2010-11					91.5%

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	159	0	0	0	0
Health Care Access	299	0	4,089	0	4,089
Direct Appropriations					
Environment & Natural Resource	0	594	0	0	0
General	60,111	65,150	77,456	72,807	150,263
State Government Spec Revenue	37,068	49,951	45,968	46,025	91,993
Health Care Access	32,672	43,366	31,456	30,822	62,278
Miscellaneous Special Revenue	127	182	8,582	3,969	12,551
Federal Tanf	10,826	12,640	11,713	11,713	23,426
Environmental	68	122	0	0	0
Remediation Fund	198	306	0	0	0
Clean Water	362	3,388	3,564	3,616	7,180
Open Appropriations					
State Government Spec Revenue	195	301	250	250	500
Health Care Access	33	42	38	38	76
Statutory Appropriations					
Drinking Water Revolving Fund	736	520	520	520	1,040
Miscellaneous Special Revenue	61,099	66,319	56,653	53,918	110,571
Federal	213,726	255,037	245,018	242,333	487,351
Federal Stimulus	1,401	17,301	15,360	3,711	19,071
Medical Education & Research	87,554	85,798	66,491	76,282	142,773
Gift	15	314	146	146	292
Total	506,649	601,331	567,304	546,150	1,113,454
<u>Expenditures by Category</u>					
Total Compensation	108,956	130,403	127,410	124,891	252,301
Other Operating Expenses	78,572	127,363	116,056	102,844	218,900
Payments To Individuals	97,065	108,435	106,500	106,498	212,998
Local Assistance	220,243	232,992	225,668	217,860	443,528
Other Financial Transactions	1,813	2,138	2,137	2,137	4,274
Transfers	0	0	(10,467)	(8,080)	(18,547)
Total	506,649	601,331	567,304	546,150	1,113,454
<u>Expenditures by Program</u>					
Community & Family Hlth Promo	228,575	271,067	269,828	258,227	528,055
Policy Quality & Compliance	137,963	149,999	136,583	132,205	268,788
Health Protection	104,550	140,493	119,499	114,276	233,775
Administrative Support Service	35,561	39,772	41,394	41,442	82,836
Total	506,649	601,331	567,304	546,150	1,113,454
Full-Time Equivalent (FTE)	1,375.8	1,422.2	1,440.9	1,434.7	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2011 Appropriations	594	594	594	1,188
Technical Adjustments				
One-time Appropriations		(594)	(594)	(1,188)
Subtotal - Forecast Base	594	0	0	0
Total Governor's Recommendations	594	0	0	0
Fund: GENERAL				
FY 2011 Appropriations	64,673	64,673	64,673	129,346
Technical Adjustments				
Allotment Reduction		10,386	5,193	15,579
Approved Transfer Between Appr		0	0	0
Current Law Base Change		1,168	1,712	2,880
Fund Changes/consolidation		2,500	2,500	5,000
One-time Appropriations		(250)	(250)	(500)
Operating Budget Reduction		(58)	(58)	(116)
Subtotal - Forecast Base	64,673	78,419	73,770	152,189
Change Items				
Fetal Alcohol Spectrum Disorders	0	340	340	680
Operating Budget Reductions	0	(1,303)	(1,303)	(2,606)
Total Governor's Recommendations	64,673	77,456	72,807	150,263
Fund: STATE GOVERNMENT SPEC REVENUE				
FY 2011 Appropriations	45,718	45,718	45,718	91,436
Technical Adjustments				
Current Law Base Change		(498)	(534)	(1,032)
One-time Appropriations		48	141	189
Subtotal - Forecast Base	45,718	45,268	45,325	90,593
Change Items				
Modify Fees for State Well Program	0	300	300	600
Bored Geothermal Heat Exchangers	0	150	150	300
Enclosed Sports Arena Certification Prog	0	250	250	500
Total Governor's Recommendations	45,718	45,968	46,025	91,993
Fund: HEALTH CARE ACCESS				
FY 2011 Appropriations	41,046	41,046	41,046	82,092
Technical Adjustments				
Biennial Appropriations		600	0	600
Current Law Base Change		(27,240)	(29,774)	(57,014)
Fund Changes/consolidation		(1,500)	(2,500)	(4,000)
One-time Appropriations		(237)	(237)	(474)
Subtotal - Forecast Base	41,046	12,669	8,535	21,204
Change Items				
Statewide Health Improvement Program	0	20,000	20,000	40,000
State Health Reform Activities	0	0	2,500	2,500
Federally Qualified Health Centers	0	(1,000)	0	(1,000)
Operating Budget Reductions	0	(213)	(213)	(426)
Total Governor's Recommendations	41,046	31,456	30,822	62,278
Fund: MISCELLANEOUS SPECIAL REVENUE				
FY 2011 Appropriations	8,550	8,550	8,550	17,100
Subtotal - Forecast Base	8,550	8,550	8,550	17,100

HEALTH DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Change Items				
Eliminate the Direct Grants from MERC	0	0	(4,613)	(4,613)
Total Governor's Recommendations	8,550	8,550	3,937	12,487
Fund: FEDERAL TANF				
FY 2011 Appropriations	12,640	11,733	11,733	23,466
Subtotal - Forecast Base	12,640	11,733	11,733	23,466
Change Items				
Operating Budget Reductions	0	(20)	(20)	(40)
Total Governor's Recommendations	12,640	11,713	11,713	23,426
Fund: CLEAN WATER				
FY 2011 Appropriations	2,105	2,105	2,105	4,210
Technical Adjustments				
One-time Appropriations		(2,105)	(2,105)	(4,210)
Subtotal - Forecast Base	2,105	0	0	0
Change Items				
Contaminants Emerging Pub Hlth Concern	0	1,020	1,020	2,040
Source Water Protection	0	1,415	1,415	2,830
County Well Index & Well Water Risk Eval	0	467	619	1,086
Well Sealing Cost Share	0	347	347	694
GPS Locating Wells/Arsenic Testing	0	315	215	530
Total Governor's Recommendations	2,105	3,564	3,616	7,180
Fund: STATE GOVERNMENT SPEC REVENUE				
Planned Open Spending	301	250	250	500
Total Governor's Recommendations	301	250	250	500
Fund: HEALTH CARE ACCESS				
Planned Open Spending	42	38	38	76
Total Governor's Recommendations	42	38	38	76
Fund: DRINKING WATER REVOLVING FUND				
Planned Statutory Spending	520	520	520	1,040
Total Governor's Recommendations	520	520	520	1,040
Fund: HEALTH CARE ACCESS				
Planned Statutory Spending	0	4,089	0	4,089
Total Governor's Recommendations	0	4,089	0	4,089
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	66,319	56,653	56,718	113,371
Change Items				
State Health Reform Activities	0	0	(2,800)	(2,800)
Total Governor's Recommendations	66,319	56,653	53,918	110,571
Fund: FEDERAL				
Planned Statutory Spending	255,037	245,018	242,333	487,351
Total Governor's Recommendations	255,037	245,018	242,333	487,351
Fund: FEDERAL STIMULUS				
Planned Statutory Spending	17,301	15,360	3,711	19,071
Total Governor's Recommendations	17,301	15,360	3,711	19,071

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: MEDICAL EDUCATION & RESEARCH</i>				
Planned Statutory Spending	85,798	76,291	76,282	152,573
Change Items				
MERC Fund Balance Transfer	0	(9,800)	0	(9,800)
Total Governor's Recommendations	85,798	66,491	76,282	142,773
<i>Fund: GIFT</i>				
Planned Statutory Spending	314	146	146	292
Total Governor's Recommendations	314	146	146	292
<u>Revenue Change Items</u>				
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Change Items				
Modify Fees for State Well Program	0	300	300	600
Bored Geothermal Heat Exchangers	0	150	150	300
Enclosed Sports Arena Certification Prog	0	250	250	500

HEALTH DEPT**Program: COMMUNITY & FAMILY HLTH PROMO****Change Item: Statewide Health Improvement Program**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	20,000	20,000	20,000	20,000
Revenues	0	0	0	0
Net Fiscal Impact	\$20,000	\$20,000	\$20,000	\$20,000

Recommendation

The Governor recommends continued base funding of \$20 million per year from the health care access fund for the Statewide Health Improvement Program (SHIP), an initiative created as part of the 2008 state health reform law.

Rationale

In passing the 2008 bipartisan state health reform law, policy makers recognized that the spiraling costs of health care in our state cannot be addressed without investing in prevention. A significant driver in health care costs in Minnesota and the U.S. is the cost of treating chronic diseases.

Chronic diseases, such as heart disease, stroke, cancer and diabetes, are among the most prevalent, costly and preventable of all health problems in Minnesota. Leading a healthy lifestyle (avoiding tobacco use, being physically active, and eating well) greatly reduces a person's risk for developing chronic disease. The use of evidence-based health improvement strategies across Minnesota is an essential step in reducing illness, suffering and early death related to chronic diseases, and lowering the costs for medical care.

The Statewide Health Improvement Program (SHIP) was created as part of Minnesota's 2008 health reform legislation to implement a comprehensive approach to improving the rates of obesity and tobacco use and exposure. SHIP is centered on sustainable, population-focused, evidence-based changes to the policies, systems and environments that exist in schools, communities, worksites and health care systems to make it easier for people to incorporate healthy behaviors into their daily lives. Because health behaviors are affected by a wide variety of factors beyond individual motivation and knowledge, the environment in which people live, work, learn and play can either support or hinder their ability to adopt healthy behaviors. SHIP interventions are designed to be sustainable after funding has ended and affect a broad segment of the population. As such, SHIP makes a marked departure from traditional individual-based public health prevention programs, because behavior changes that result from programmatic efforts can be difficult to sustain beyond the life of the program.

SHIP grants were awarded competitively to 53 community health boards and 9 of 11 tribal governments to use evidence-based strategies in their communities to address the top three modifiable risk behaviors that are responsible for much of the illness, suffering and early death related to chronic disease: tobacco use and exposure, physical inactivity, and poor nutrition.

With sustained funding at this level, by 2015 SHIP could move as much as 10 percent of the adult population into a normal weight category and as much as 6 percent of the adult population into a non-smoking category. These reductions in risk factors could result in significant cost savings for the affected populations. Funding for the SHIP program sunsets at the end of fiscal year 2011.

Proposal

This proposal continues the SHIP program at \$20 million per year. The proposal continues funding for community health boards and tribal governments to continue evidence-based health improvement strategies addressing the identified risk behaviors. The proposal also includes funding to maintain MDH activities to assure that the SHIP framework of evidenced-based policy, system and environmental change strategies are effectively implemented and evaluated across the state. These activities include grant management, training and technical assistance, communications, and evaluation functions.

HEALTH DEPT

Program: **COMMUNITY & FAMILY HLTH PROMO**

Change Item: **Statewide Health Improvement Program**

Key Goals and Measures

This activity supports the MDH goals of Promote health throughout the lifespan and Eliminating health disparities and achieve health equity in the department's strategic plan by ensuring Minnesotans make healthy choices and have social environments that support safe and healthy living.

- Increase the percent of Minnesota adults who meet national recommendations for healthy weight, physical activity, fruit and vegetable consumption, and reduce the percentage of people who use tobacco.

Health Behavior or Risk Factor	History					Current	Targets	
	2003	2005	2006	2007	2008	2009	2013	2015
Physical Activity	49%	51%		49%		53%	63%	67%
Fruits & Vegetables	24%	25%		19%		22%	34%	39%
Healthy Weight	39%	39%	37%	38%	37%	37%	40%	41%
Tobacco Use	21%	20%	18%	17%	18%	17%	14%	11%

Source: Minnesota Behavioral Risk Factor Surveillance System

- Improve youth health by reducing the percent of Minnesota high school youth who report that they have used tobacco in the last 30 days.

	History			Current	Target
	2000	2002	2005	2008	2013
Youth tobacco use	39%	34%	29%	27%	22%

Source: MN Youth Tobacco Survey

- Increase the percent of Minnesota youth who meet national recommendations for healthy weight, physical activity, fruit and vegetable consumption, and who do not use tobacco (6th graders).

Health Behavior among 6 th Graders	History		Current	Target
	2001	2004	2010	2013
Physical Activity	50% (boys) 39% (girls)	52% (boys) 40% (girls)	54% (boys) 42% (girls)	57% (boys) 50% (girls)
Fruits & Vegetables	22%	21%	21%	31%
Tobacco Use	3%	3%	2%	2%

Source: Minnesota Student Survey

HEALTH DEPT**Program: POLICY QUALITY & COMPLIANCE**

Change Item: Health Care Reform

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	2,500	2,500	2,500
Revenues	0	2,800	0	0
Net Fiscal Impact	\$0	\$(300)	\$0	\$0

Recommendation

The Governor recommends continuing base funding of \$2.5 million from the health care access fund for initiatives created as part of the 2008 state health reform law. The Governor further recommends transferring \$2.8 million in unused state match for the Electronic Health Record System Revolving Account and Loan Program into the health care access fund to offset the costs in FY 2013.

Rationale

In passing the 2008 bipartisan state health reform law, policy makers recognized the health care system has unsustainably growing rates of cost. Some of the key reasons for the unsustainability of our health care system are a health care payment system that compensates on the basis of volume of services rather than the value of services; a lack of information about quality of care; and varying approaches to assessing provider performance, which results in confusion among both providers and consumers.

Policy makers aimed to increase transparency of the health care system by providing consumers with more consistent information for health care decision-making and to lay the groundwork for more fundamental payment reforms. The law provided for \$12.5 million from the health care access fund over four years (fiscal years 2009 through 2012) to provide for the collection of: 1) quality of care data from physician clinics and hospitals; and 2) cost of care data from health plans. These data are used together as part of the provider peer grouping system under M.S. § 62U.04 and quality data are also reported separately as part of MDH's quality of care data efforts under M.S. § 62U.02.

The information that the Minnesota Department of Health (MDH) collects and reports under these reforms provides consumers with critical information about the cost, quality, and overall value of health care services. Public and private payers are also required to use this information to establish incentives for consumers to use higher-quality, lower cost providers and are encouraged to use similar metrics to reward high quality performance among physician clinics and hospitals.

In the first two years of carrying out the 2008 initiatives, MDH has adopted and implemented administrative rules related to the collection of quality of care measures and cost data using de-identified encounter data. MDH has collaborated closely with stakeholders to create a methodology for comparing providers on a combined measure of risk-adjusted cost and quality and will use this methodology to produce comparative analysis for providers and subsequently for public reporting in 2011.

These are nation-leading efforts that will continue to yield valuable information for consumers and health care purchasers and payers into the future, provided the analyses are updated and reported on at least an annual basis. MDH has an ongoing obligation to conduct these activities, but does not have base funding to continue this work beginning in FY 2013 and beyond.

Please see <http://www.health.state.mn.us/healthreform/payment/index.html> for more information.

Proposal

This proposal continues base funding of \$2.5 million to maintain five MDH staff, an analytical contractor, licenses of software products needed to produce the peer grouping analysis, and public reporting activities. Without continued funding, the Department cannot fulfill its statutory requirements under M.S. § 62U.02 - 04.

This proposal funds the fiscal year 2013 costs from a one-time transfer of \$2.8 million from the Electronic Health Record Systems Revolving Account and Loan Program. These funds were part of a \$4 million transfer from the health care access fund in fiscal year 2010. The 2010 transfer was to be used as match for federal funds under the Health Information Technology for Economic and Clinical Health (HITECH Act). Funds were not made available under the HITECH Act. Of the \$4 million original transfer, \$1.2 million was to be transferred back to the health care access fund in fiscal year 2013, leaving \$2.8 million balance available but unable to be used.

Key Goals and Measures

- ⇒ **MDH goal statement:** Minnesota's health care systems are transparent, accountable, and engage many diverse partners.
- ⇒ **All Minnesotans will have access to affordable coverage for the health care they need:** The Division analyzes health cost trends to inform policy decisions about the design and implementation of health care market and payment reforms that address system inefficiencies and health care cost growth.

MN Health Care Spending and Growth Rate (in billions)							
2000	2002	2004	2006	2008	2010*	2012*	2014*
\$19.8	23.8	27.5	31.0	35.1	41.0	47.6	53.3
	9.7%	5.0	6.5	5.7	11.4	7.7	6.4

*Projected spending and growth without 2008 MN health reforms

Source: Health Economics Program, Minnesota Health Care Spending and Projections Report, June 2010

Statutory Change: Not applicable.

HEALTH DEPT**Program: COMMUNITY & FAMILY HLTH PROMO****Change Item: Fetal Alcohol Spectrum Disorders**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$340	\$340	\$340	\$340
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$340	\$340	\$340	\$340

Recommendation

The Governor recommends a general fund appropriation of \$340,000 each fiscal year to expand current efforts to prevent Fetal Alcohol Spectrum Disorders (FASD) and support individuals with FASD and their families.

Rationale

FASD is an umbrella term describing the range of effects that can occur in an individual whose mother drank alcohol during pregnancy. These conditions include physical and intellectual disabilities, as well as problems with behavior and learning. FASDs also can be associated with mental health difficulties, disrupted school and job experiences, trouble with the law, difficulties with independent living, substance abuse and problems with parenting. FASD is a lifetime disability and is the leading known cause of intellectual disability and birth defects. Fetal Alcohol Syndrome (FAS) represents the severe end of the FASD spectrum. The median adjusted annual cost of FAS only has been estimated at \$3.6 billion nationally.

FASDs are 100% preventable, yet FASD continues to affect 1 in 100 live births a year. The U.S. Surgeon General has stated that no amount of alcohol consumption can be considered safe for a pregnant woman and that alcohol can damage a fetus at any stage of pregnancy (Office of the Surgeon General, 2005). Approximately 57% of women of childbearing age in Minnesota are "current drinkers" with 19% of these women meeting the "at risk" criteria, meaning that in the past month they reported binge or heavy drinking. The Centers for Disease Control reports that in 2002, 12.2% of pregnant women surveyed reported using alcohol during pregnancy and almost 2% reported binge drinking during pregnancy.

There is no cure for FASDs, but research shows that early intervention and treatment can improve a child's development and impact long term outcomes. "Protective factors" can help reduce the effects of FASDs and help individuals with these conditions reach their full potential. Protective factors include: Diagnosis before 6 years of age; loving, nurturing, and stable home environment during the school years; absence of violence; and involvement of special education and social services.

The Minnesota Department of Health has partnered with the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) since 2004 to help prevent FASD and improve the quality of life for Minnesotans impacted by the disorders. MOFAS addresses FASD through a comprehensive approach which includes diagnostic services, community grants, intervention and family support, public awareness and professional education as outlined in M.S. 145.9266. Currently \$1.66 million annually in Fetal Alcohol Syndrome grants are awarded to MOFAS.

Proposal

This proposal increases funding for the current Fetal Alcohol Syndrome Grants for MOFAS from \$1.66 million per year to \$2 million per year to expand current efforts to prevent Fetal Alcohol Spectrum Disorders (FASD) and support individuals with FASD and their families.

Key Goals and Measures

This proposal supports Minnesota Milestones goals of 1) Families will provide a stable, supportive environment for their children and 2) All children will be healthy and start school ready to learn.

Key performance measures:

- The percent of children and youth with special health care needs age 0 to 18 years whose families' partner in decision making at all levels and are satisfied with the services they receive (CSHCN survey).
- The percent of women who report drinking alcohol in the three months prior to their pregnancy (PRAMS).

Statutory Change: Not Applicable

HEALTH DEPT**Program: POLICY QUALITY & COMPLIANCE**

Change Item: Eliminate the Direct Grants from MERC

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	4,613	4,613	4,613
Other Fund				
Expenditures	0	(4,613)	(4,613)	(4,613)
Revenues	0	(4,613)	(4,613)	(4,613)
Net Fiscal Impact	\$0	\$(4,613)	\$(4,613)	\$(4,613)

Recommendation

The Governor recommends eliminating the direct grants from the Medical Education and Research Costs (MERC) program, for an annual state savings of \$4,613,000 beginning in FY 2013. MERC funding has helped hospitals cover the costs associated with being an education and research institution. MERC dollars are distributed two different ways—through the general distribution and as direct grants. This proposal eliminating the direct grants does not affect the amount awarded through the general distribution formula. (See the Department of Human Service’s Governor’s Recommendations for other MERC related change items.)

Rationale

MERC direct grants of \$5.350 million are distributed according to statute as follows:

- \$1.475 million - University of Minnesota /Fairview
- \$1.8 million - University of Minnesota / Academic Health Center
- \$2.075 million - University of Minnesota / Dental School.

The grant to University of Minnesota/Fairview receives a fifty percent federal match, therefore the state total of the grants is \$4.613 million and the federal share is \$737,500. The state share of the grants is from dedicated cigarette tax revenue.

The direct grants were enacted as part of the 2007 legislation that changed the general distribution formula for MERC from a formula weighted 67% education/33% Medical Assistance volume to a formula based 100% on Medical Assistance volume. In addition to the creation of these three direct grants, a grant to Mayo was also implemented to transition from the old formula to the new formula. The Mayo grant was sunset during the FY 2010-11 biennium.

This proposal would eliminate the direct grants and redirect dedicated MERC resources to the general fund.

Statutory Change: 62J.692, subdivision 4, section 297F.10, subdivision 1,

HEALTH DEPT**Program: POLICY QUALITY & COMPLIANCE**

Change Item: Transfer MERC Funds to the General Fund

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	9,800	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	(9,800)	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends transferring one time accumulations of \$8.4 million in the Medical Education and Research Costs fund and \$1.4 million in unspent dental innovations grants to the general fund in FY 2012.

Rationale

The Medical Education and Research Costs fund (MERC) includes revenues from a variety of sources including a portion of the cigarette tax. Annually, \$8.55 million of the current cigarette tax is dedicated to the MERC fund to provide funding for three direct payments (\$4.613 million) and the state share of the FFS MERC general distribution formula (\$3.787 million) and administrative costs of the MERC program (\$150 thousand). Due to a shift in the timing of the direct payments and the general distribution payments a number of years ago, the fund has an ongoing fund balance of \$8.4 million.

The MERC also provides for annual dental innovation grants of \$1.122 million annually. Over the last few years the department has been unable to spend the full allocation of these grants and an estimated accumulated balance of \$1.4 million is projected to carry forward in FY 2012.

This proposal would transfer the one time funding available in the MERC fund to the general fund.

Statutory Change: Rider

HEALTH DEPT**Program: POLICY QUALITY & COMPLIANCE**

Change Item: Federally Qualified Health Centers

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	(1,000)	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,000)	\$0	\$0	\$0

Recommendation

The Governor recommends maintaining fiscal year 2011 funding for Federally Qualified Health Centers (FQHC) by eliminating the \$1,000,000 of one-time funding in the Health Care Access Fund in FY 2012. State funding for Federally Qualified Health Centers will remain at the fiscal year 2011 levels of \$2.5 million per year from the general fund.

Rationale

FQHCs provide primary services to the underserved in urban and rural communities. These services are delivered by community health centers, public housing centers, outpatient health programs, and programs serving migrants and the homeless.

Prior to the 2008 Health Care Reform Act, grants to Federally Qualified Health Centers were funded in the general fund. The 2008 law temporarily moved these grants to the Health Care Access Fund and then required that beginning in FY 2012 \$2.5 million base grants be moved back to the general fund, leaving \$1 million in the Health Care Access fund for FY 2012 only.

This proposal eliminates the health care access fund grants for the FQHC, leaving the base level funding of \$2.5 million of grants in the general fund.

Statutory Change: NA

HEALTH DEPT

Change Item: Operating Budget Reductions

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,303)	\$(1,303)	\$(1,303)	\$(1,303)
Revenues	0	0	0	0
Other Fund				
Expenditures	(233)	(233)	(233)	(233)
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,536)	\$(1,536)	\$(1,536)	\$(1,536)

Recommendation

The Governor recommends a reduction of \$1.303 million in FY 2012 and \$1.303 million in FY 2013 to the Minnesota Department of Health's general fund operating budget. The Governor intends that the Minnesota Department of Health should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions. The Governor further recommends operating reductions in the Minnesota Department of Health's Health Care Access Fund and TANF fund operating budgets.

This proposal represents a 5.5% reduction to Minnesota Department of Health base general fund forecast budget and a reduction of 3.25 FTEs.

Rationale

General Fund

The Minnesota Department of Health's (MDH) total base forecast general fund operating budget is \$24.209 million for FY 2012 and \$24.768 million for 2013 and includes amounts budgeted for Community and Family Health Promotion, Policy, Quality and Compliance, Health Protection and Administrative Services (rent). The department currently has over \$31 million in obligations to annual federal match or MOE requirements. Operating funds in each program area play a significant part in meeting the match and MOE requirements. Much of the remaining operating funds are for core direct state services such as surveillance, investigation and lab testing of public health threats.

The Minnesota Department of Health is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. FTE reductions will be managed through vacancy management. Specifically, Minnesota Department of Health will reduce operating budgets by the following amounts:

- \$1 million per year adjusts a base level increase that was authorized as part of Laws of 2009, which was in excess of MDH's FY 2010-11 base; and
- \$303,000 per year eliminates 3.25 FTE including .5 FTE (\$40,000) from the air toxins unit and shifts to a new fee-based program (see Enclosed Sports Arena budget change page).

Health Care Access Fund

This proposal reduces the Health Care Access Fund operating budget by \$213,000 per year. Reductions include:

- \$118,000 for elimination of three reports and 1 FTE. The reports include Provider Financial and the Prescription Drug Disclosure Report, Health Care capital Expenditure Report, and the Prescription Drug Disclosure report; and
- \$95,000 for elimination of 1 FTE and other operating reductions.

Temporary Assistance to Needy Families

This proposal reduces TANF operating budgets by \$20,000 per year by merging TANF evaluation and training for American Indian Tribes and local communities into one evaluation project and joint training.

Statutory Change: M.S. 144.2222, subdivision 3, 62J.04 subdivision 3, 62J.17, Rider

HEALTH DEPT

Change Item: Modify Fees for State Well Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	300	300	300	300
Revenues	300	300	300	300
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends increasing certain fees in the well program and creating a renewal fee for Certified Representatives of licensed well/boring contractors. The Governor further recommends an appropriation increase of \$300,000 from the state government special revenue fund for the well programs.

Rationale

The Well Program assures that both drinking water and groundwater remain protected through rulemaking, contractor licensing, permitting, inspecting, training, technical assistance, public education, emergency response, and records maintenance.

The Well Management Program is funded entirely by fees that are established in statute, most of which are closely tied to the housing market (new wells constructed, old wells sealed, wells “disclosed” at some property transfers). The current housing crisis has already necessitated a 25 percent reduction in Well Program field staff through a hiring freeze, transfers, and layoffs. The eleven experienced field staff remaining in the Well Program continue to work on preventing the most serious risks, including those associated with drinking water wells and monitoring wells. However, if further cuts are required, our ability to continue performing this essential prevention work will be impaired for years to come.

Proposal

Fee to Renew Contractor Representative Certification.

“Certified Representatives” of licensed well/boring contractors pay a \$75 fee for their initial certification, but have never been assessed a fee to renew their annual certification. To cover the costs of re-certifying, providing continuing education, tracking continuing education credits, and maintaining records, this proposal includes a \$75 fee to renew the annual certification to represent a contractor.

Increases in Some Existing Fees: To maintain the Well Program through FY 2015, we are proposing to increase the following fees in FY2012:

- The one-time fee for constructing a new well, or bored geothermal heat exchanger, from \$215 to \$235;
- The one-time fee for sealing an unused well, from \$50 to \$65; and
- The one-time fee for a “Well Disclosure” at property transfer, from \$45 to \$50 (\$7.50 of which is kept by the county recorders to cover their processing costs).

These increases are projected to generate an additional \$300,000 in revenue for the Well Management Program to be deposited in the state government special revenue fund. This proposal also increases the appropriation to the Well Management Program by \$300,000,

Key Goals and Measures

This activity is an element in the basic mission of the Minnesota Department of Health to protect, maintain, and improve the health of all Minnesotans. Maintaining this program will help protect the ground water resources of the state which will be a benefit to our citizens, community, economy and environment. Approximately 70% of Minnesotans rely on ground water as their drinking water. This activity also supports the work identified by the Environmental Quality Board report Minnesota Watermarks: Gauging the Flow of Progress 2000-2010, the state water plan. The Environmental Quality Board report includes the objective of “Protect and improve groundwater quality.” The proposed 2010 Minnesota Water Plan recommends increasing protection and prevention efforts which include maintaining a strong water well construction program.

This activity is a component of Minnesota Milestones in the areas of: People: *Minnesotans will be healthy*; Economy: *Minnesota will have sustainable, strong economic growth*; and Environment: *Minnesotans will improve the quality of the air, water and earth*.

Key measures for this program include:

- Continue to improve the sanitary construction of new water wells. Greater than 90% of new wells are constructed without sanitary code issues.
- Continue to oversee the sealing of unused wells. To date more than 245,000 abandoned wells have been sealed.

Statutory Change: MS 103I [All the sections of 103I that would be affected by this change: 103I.208, 103I.235, 103I.525, 103I.531, 103I.535, 103I.541

HEALTH DEPT

Change Item: Bored Geothermal Heat Exchangers

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	150	150	150	150
Revenues	150	150	150	150
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends modifying Minnesota Statutes, Chapter 103I (Wells and Borings) to replace the term, "vertical heat exchanger" with "bored geothermal heat exchanger," and expand the definition to protect groundwater from potential contamination from any heat exchanger installed in a boring.

Rationale

Current Regulation: Closed-loop geothermal heating/cooling systems utilize piping systems (often called "heat loops") installed in the ground to transfer heat to or from the surrounding earth through a heat transfer fluid pumped through the piping. When properly constructed and operated, they can be a cost-effective means of heating and cooling buildings.

Many closed-loop geothermal systems in Minnesota are installed in excavated horizontal trenches, and are not regulated as to installer licensing, construction materials and methods, and the kinds of heat transfer fluids that can be safely used.

Some systems, however, use heat loops that are installed vertically in the ground, often to a depth of several hundred feet. Because these vertical heat loops can potentially contaminate deeper groundwater, which are often as deep as nearby water well intakes, they are currently required to be installed by state-licensed contractors, constructed to state standards, grouted to seal the bore hole, and carry only approved low-toxicity heat transfer fluids.

Need for Modification: In recent years, some unlicensed installers have begun using new directional boring or angle boring machines to install heat loops in the ground at a variety of angles and depths. While not truly vertical, these loops are constructed the same and can be installed as deep as vertical heat loops. Installers are motivated to place loops deep enough to contact groundwater to improve heat transfer. Because these angle or directional-drilled heat loops are currently unregulated, they may be constructed by unlicensed persons, may be constructed with inferior materials and methods, may not be grouted, and may contain toxic heat transfer fluids, such as ethylene glycol (common automobile antifreeze) or methanol ("wood alcohol"). Left unregulated, these bore holes create an easy pathway for groundwater contamination.

Because angle or directional-drilled geothermal heat exchangers can present the same threats to groundwater as currently-regulated vertical heat exchangers, this proposal seeks to change the current statutory term, "vertical heat exchanger" to "bored geothermal heat exchanger," and define "bored geothermal heat exchanger" as "an earth-coupled sealed pipe installed in a boring to transfer heat to or from the surrounding earth with no discharge."

Proposal

This proposal requires any person installing a geothermal heat exchanger in a boring to be licensed and bonded (as is currently required of vertical heat exchanger contractors), to install heat exchanger piping using approved materials and methods, to seal the borings with grout to prevent leakage, and to use only approved low-toxicity heat transfer fluids. This proposed change will not affect persons currently installing only dug or trenched horizontal heat exchanger systems. Licensing and permit fees from this change would be deposited into the state government special revenue fund.

The proposal requests an appropriation of \$150,000 from the state government special revenue fund for 1.3 FTEs to license and inspect the additional contractors

Key Goals and Measures

This activity is an element in the basic mission of the Minnesota Department of Health to protect, maintain, and improve the health of all Minnesotans. Maintaining this program will help protect the ground water resources of the state which will be a benefit to our citizens, community, economy and environment. Approximately 70% of Minnesotans rely on ground water as their drinking water.

This activity is a component of Minnesota Milestones in the areas of: People: *Minnesotans will be healthy*; Economy: *Minnesota will have sustainable, strong economic growth*; and Environment: *Minnesotans will improve the quality of the air, water and earth*. This activity also supports the work identified in Minnesota Watermarks: Gauging the Flow of Progress 2000-2010, the state water plan. The EQB's report includes the objective of "Protect and improve groundwater quality." The proposed 2010 Minnesota Water Plan recommends increasing protection and prevention efforts which include regulating new threats to groundwater quality.

A key measure for this program includes:

- Directional and angle bored heat loops are constructed similar to vertical heat loops.

Statutory Change: 103I [All the sections of 103I that would be affected by this change: 103I.005, 103I.101, 103I.105, 103I.111, 103I.205, 103I.208, 103I.501, 103I.531, 103I.535, 103I.641, 103I.711, 103I.715]

HEALTH DEPT

Program: **HEALTH PROTECTION**

Change Item: Enclosed Sports Arena Certification Prog

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	250	250	250	250
Revenues	250	250	250	250
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends creating an Enclosed Sports Arena Certification fee program that will help ensure that indoor arenas that use internal combustion engines for maintenance or entertainment purposes reduce the risk from combustion by-products to arena occupants.

Rationale

Current state statute (established in 1975) and rules (established in 1977) ensure that operators of enclosed sports arenas operate internal combustion engines in such a way to protect the health of facility participants and spectators. Operators are currently required to monitor the air of the arena on a regular basis and use engineering controls to reduce potential air hazards (carbon monoxide and nitrogen dioxide). The current program, based on the original statute and rules, operates a certification program for enclosed sports arenas with the main emphasis of the rules on ice arenas.

The usage of enclosed sports arenas has escalated in recent years as a result of the popularity of ice related sporting activities, indoor motor cross events and indoor go-cart tracks. It was initially anticipated that indoor ice arenas would move to electric ice maintenance equipment to avoid regulation, however this has not been the case. More effort is required to educate and promote the use of best practices in enclosed sports arenas at a time when the funding for this program through the general fund has diminished.

Rules are currently being updated to include more specifications on indoor motor sports arenas and the use of modern air monitoring technology. Creation of a new fee program will allow for the expansion and modernization of the current indoor sports arena certification program to include: assessing of current health risks, modernizing air monitoring standards, complaint follow-up, and research and education on best practices on indoor air quality issues. The department's proposed administrative reduction includes general fund savings of \$40,000 (.5 FTE) linked to this proposal.

Proposal

This proposal creates a \$900 annual certification fee for 275 arenas and a \$250 special event fee for an estimated 10 events per year. Revenue from the fees would be deposited into the state government special revenue fund. This proposal appropriates \$250 thousand from the state government special revenue fund for the Enclosed Sports Arena Certification fee program to replace the general fund 0.5 position with a 1.75 FTE for certification and complaint follow-up activities plus allow for increased research on indoor air quality issues in enclosed sports arenas.

Key Goals and Measures

This Environmental Health activity is encompassed in the basic mission of the Minnesota Department of Health to protect, maintain, and improve the health of all Minnesotans. Providing a stronger regulatory framework will enable the Department to provide a more consistent and robust approach to ensuring air quality in enclosed sports arenas.

This activity is also tied to Minnesota Milestones in the areas of People: *Minnesotans will be healthy*; and Environment: *Minnesotans will improve the quality of the air*.

HEALTH DEPT

Program: **HEALTH PROTECTION**

Change Item: Enclosed Sports Arena Certification Prog

Key measures for this activity include:

- All enclosed sports arena managers are educated on the hazards of operating internal combustion engines indoors; and
- Reduction in instances of the public being exposed to elevated combustion emissions in enclosed sports arenas.

Statutory Change: M.S. 144.2222, subdivision 3

HEALTH DEPT**Change Item: Contaminants Emerging Pub Hlth Concern**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	1,020	1,020	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,020	\$1,020	\$0	\$0

Recommendation

The Governor recommends that base funding of \$1.02 million from the Clean Water Land and Legacy Amendment funds be appropriated to the Minnesota Department of Health to continue to assess and address public health concerns related to contaminants found in Minnesota drinking water for which no health-based drinking water standard is available.

Rationale

Contaminants of Emerging Concern (CEC) are substances for which drinking water standards are unavailable or inadequate. CECs may be substances that the Minnesota Department of Health (MDH) has not yet studied or detected in Minnesota drinking water, but have the potential to contaminate water supplies.

Funds from the Clean Water Land and Legacy Amendment were appropriated to MDH for fiscal years 2010 and 2011 to develop public health guidance for CECs that may be found in drinking water. The funding was one-time and will sunset at the end of fiscal year 2011.

In the first biennium of funding, MDH defined contaminants of emerging concern, began researching specific CECs, developed advisory panels, and awarded contracts for CEC-related research. MDH screened 14 chemicals for toxicity and exposure and anticipates an additional set of nominated chemicals will be screened by June 2011. For each contaminant screened, MDH describes exposure and toxicity potential and the narrative is made public on the MDH website. Of the fourteen chemicals screened, three chemicals were fully researched in 2010 and MDH is on track to complete work on a total of ten chemicals during the biennium.

For each contaminant that is fully researched, MDH develops numeric or qualitative health-based guidance suitable for evaluating whether chemicals found in drinking water pose a health threat. MDH initiated research contracts on methods for risk evaluation that can be applied to novel problems (such as assessing risks from exposure to pharmaceuticals in drinking water, and understanding multiple pathways of exposure as occurs for consumer products). MDH created a website, hosted a public forum on CECs, and convened two advisory groups (one on ranking chemicals according to toxicity and exposure and a second group on communications). All of the activities undertaken in the first biennium of funding were new or supplement drinking water protection efforts.

Continuing this work will protect and plan for use of drinking water resources; and support and complement drinking water protection and public health efforts by local government and state agencies. In addition to continuing the work completed in the 2010-2011 biennium, MDH will conduct specialized outreach and education around chemicals that are consumer products, personal care products, endocrine disruptors, and pharmaceuticals. MDH will initiate health education activities that include identifying and interacting with audiences that need the results of this work, assessing audience information needs, developing information tailored for different audiences, and evaluating the outreach and education efforts of the agency.

Continued funding will be used to coordinate and communicate with stakeholders (including other state agencies, academic and industry researchers, nonprofit environmental groups and organizations, and federal programs) in order to ensure that 1) sound scientific data and principles are applied to evaluating the potential impact that contaminants of emerging concern may have on human health; 2) priorities for investigating emerging contaminants reflect public concern and scientific knowledge; and 3) research to fill data gaps will be planned and conducted with the participation of the community of scientific experts, other agencies receiving Clean Water Funds, and the concerned public that have a stake in understanding and mitigating exposures to contaminants.

Continued funding will expand toxicity and exposure research and continue to produce health-based guidance for additional contaminants. MDH will continue to communicate the results of research on emerging contaminants with well owners, the general public, policy makers, and peer scientists.

Additional information about current MDH activities on the CEC may be found at: <http://www.health.state.mn.us/divs/eh/risk/guidance/dwec/index.html>.

Proposal

This proposal establishes annual base funding of \$1.02 million from the Clean Water Fund of the Clean Water, Land, and Legacy Amendment funding. Funds will be used for 5.55 FTEs and contracted research. Funding in fiscal year 2011 (\$890,000) was used to fund 4.5 FTEs and two research contracts. The continued funding is intended to further expand MDH's capacity for identifying and researching emerging contaminants, developing and implementing water analysis for emerging contaminants, analyzing risks from exposures to contaminants of concern, and communicating results of these activities to the public and other public health and environmental protection programs. The increase in funding will pay for new outreach and education work and will fund a health educator and education grants and contracts.

Key Goals and Measures

Key Goals

These Environmental Health activities respond to Minnesota Milestones: Minnesotans will be healthy, Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy; and Minnesotans will improve the quality of the air, water and earth. In addition, MDH's Environmental Health activities respond to two MDH goals: 1) all children get a healthy start in life; and 2) prepare for emergencies.

Key Activity Measures

Characterize health risks from drinking water exposures to contaminants of potential concern. Based on public input, stakeholder involvement, thorough research, and scientific review, CEC contaminants to investigate in Minnesota drinking water will be identified and screened for exposure and toxicity potential, and the results shared with the public. Priority chemicals will be further researched and assessed for potential risk (including developing health-based guidance). As funding permits, chemicals may be investigated through further research. MDH will notify regulators, stakeholders, and the public about the results of the screening, the health-based guidance that is developed, and results of any additional research that is undertaken.

Measure	Current/ Projected	2012	2013	2014	2015
Number of emerging drinking water contaminants screened and ranked for priority research (cumulative numbers)	18	30	42	54	66
Number of emerging drinking water contaminants assessed (health based guidance developed) (cumulative numbers)	10	16	22	28	34

Statutory Change: Not Applicable.

HEALTH DEPT

Change Item: Source Water Protection

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	1,415	1,415	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$1,415	\$1,415	\$0	\$0

Recommendation

The Governor recommends base funding of \$1.415 million from the Clean Water Land and Legacy Amendment funding be appropriated the Minnesota Department of Health to continue the protection of drinking water by 1) enhancing source water characterization and 2) accelerating the development and implementation of source water protection plans.

Rationale

This proposal is intended to strengthen drinking water source water protection by continuing the work that was begun during the previous biennium to 1) accelerate the development and implementation of wellhead or surface water intake protection plans for public water suppliers, and 2) continue the source water protection grant program to public water suppliers that was established using Legacy funding.

The Minnesota Department of Health would continue these enhanced source water protection activities that were begun during the previous biennium using Clean Water Land and Legacy Amendment funding. All of the activities result in protecting and effectively managing surface and groundwater resources that are used for drinking water and complement the drinking water protection efforts of local governments, the Minnesota Departments of Agriculture and Natural Resources, the Minnesota Pollution Control Agency, the Board of Water and Soil Resources, and the Public Finance Authority.

Drinking water source water protection is authorized under M.S. 1031.101 and related Minnesota Rules, parts 4720.5100 – 4720.5590. Plans provide a local blueprint to help protect groundwater that is used for drinking water supply from contamination and are required to be updated every 10 years. Additional information about MDH Source Water Protection Efforts can be found at <http://www.health.state.mn.us/divs/eh/water/swp/index.htm> and the use of Legacy funds at http://www.health.state.mn.us/divs/eh/water/dwp_cwl/index.html

Proposal

This proposal provides \$1.415 million per year for grants to local governments and 10 FTEs (up from the current level of 6) to continue to 1) enhance source water protection; 2) accelerate the development and implementation of well head or surface water intake protection plans; 3) improve data sharing with external partners; and 4) expand the level of technical assistance provided to public water suppliers relating to source water protection.

Key Goals and Measures

Minnesota Milestones: *Minnesotans will be healthy.* Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy; and Minnesotans will improve the quality of the air, water, and earth.

2010 State Water Plan, Strategy #1: Increase Protection Efforts: Groundwater and surface water supplies are protected from depletion and degradation, recognizing that protection is often more feasible and cost effective than restoration. (p. 33)

Key Activity Measures

Accelerate the development and implementation of community-based wellhead protection plans.

	In Progress	Current	Target 2012	Target 2020
Number of wellhead protection plans completed (cumulative).	122	281	400	953

Statutory Change:

Not Applicable.

HEALTH DEPT

Change Item: County Well Index & Well Water Risk Eval

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	467	619	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$467	\$619	\$0	\$0

Recommendation

The Governor recommends that Clean Water Land and Legacy Amendment funding be appropriated to expand the capabilities of the County Well Index database and develop and implement a methodology for designating public health risk relating to human and natural impacts on groundwater used for drinking water.

Rationale

County Well Index Enhancement

The County Well Index (CWI) database is the principal source of well construction and subsurface geologic information for state and local agencies and the general public. It is jointly managed by the Minnesota Department of Health (MDH) and the Minnesota Geological Survey (MGS) and contains approximately 443,000 well records as of January 2011. As new wells are constructed, the new well data is incorporated into the CWI. There is no direct funding source to enhance use of the CWI which hinders its long-term capabilities to support groundwater protection and prevention efforts.

The CWI current provides basic information that is needed by all state groundwater protection and prevention programs. Expanding its capability will improve the quality and quantity of the information that is needed to understand and effectively manage Minnesota's groundwater resources.

Expanding the capabilities of the CWI includes: 1) editing CWI data to add other datasets such as water quality data, borehole geophysical records, test pumping data, and historical water well and monitoring records; 2) improving data quality and fill data gaps; and 3) providing web site access for the public for use in geographic information systems (GIS) mapping and analysis.

By expanding the capacity of the CWI database, county scale maps will be able to indicate 1) locations of wells that use specific aquifers and 2) the potential contamination risk to groundwater pumped from public and private water supply wells.

Well Water Health Risk Evaluation

There is currently no effective process in place for the Minnesota Department of Health to notify the general public about the potential risk to human health that may be caused by contamination of drinking water either from human activities or from naturally occurring geochemical conditions. At best, this has been done for small geographic areas on a case-by-case basis and usually only after contamination is detected in a drinking water supply.

This activity will develop a methodology for designating public health risk relating to human and natural impacts on drinking water allowing the department and drinking water suppliers to: 1) evaluate and address the impacts that land and water use or nature may have on the quality of public and private sources of drinking water and 2) prioritize public resources for protecting or improving drinking water quality by focusing on geographic areas where the greatest health risk to drinking water is likely to occur either from human activities or from naturally occurring contaminants.

Proposal

This proposal would provide funding for 3.3 FTEs to carry out a multi-year project to expand the capabilities of the County Well Index database and develop and implement a methodology for evaluating drinking water risk relating to human and natural impacts on groundwater that is used for drinking water. Activities include:

County Well Index Enhancement

1. Bring the CWI records up to date by 2013.
2. Expand CWI data entry opportunity to Minnesota Pollution Control Agency and the Minnesota Department of Natural Resources by 2013.
3. Allow public agency and external partners direct viewing access to public well information and groundwater quality data by 2014.
4. Complete optical scanning of pre-1992 records and make scanned images of all well records accessible to governmental agencies and MDH-approved external partners by 2016.
5. Link CWI to other data bases by 2016 so that the public can have better access to state agency data for non-public water supply wells.
6. Allow drilling contractors to enter well records and well locations via website by 2017.
7. Complete the entry of historical well, monitoring well, and other subsurface borehole records by 2018.

Water Well Health Risk Evaluation

1. Preparing guidance for conducting type of risk assessment at a regional to community mapping scale by fiscal year 2013.
2. County-wide mapping of potential risks to drinking water related to land uses or to naturally occurring drinking water contaminants by fiscal year 2015.

This project will reduce the costs that are associated with documenting well construction and location that are an integral part of most groundwater protection and remediation programs. It will increase the efficiency of public and private efforts to document water supply wells that may be impacted by contaminant sources and improve the quality of subsurface data needed to map and to evaluate the sustainability of Minnesota's groundwater resources.

Key Goals

This project supports MDH's goal of making physical environments safe and healthy by assisting in protecting drinking water and providing an evaluation tool for determining drinking water supply risks. This project directly supports the data management and data sharing themes the Environmental Health Knowledge Management Project and the activities that are proposed are referenced in this document.

Key Activity Measures**County Well Index**

The projected times of completing the activities described in the Background section will be used to document that the key activities of this project are being achieved. . These are new activities that do not have baseline measures.

Measure	Target Date
Complete data entry for backlog of post-2007 well records	2013
MPCA and DNR direct data entry access to CWI database	2013
External partner access to public well and water quality data	2014
Complete optical scanning of pre-1992 well records	2016
Link to DNR, MDA, and MPCA groundwater databases	2016
Web entry for well contractors	2017
Complete entry of historical subsurface drill hole records	2018

Well Water Risk Evaluation

Designate geographical areas where there may be a public health risk related to the potential impacts of current/historical land uses or geochemical conditions on groundwater that is used for drinking. The methodology for conducting this risk assessment will be made publically available and county-scale reference maps indicating drinking water risk will be prepared and distributed by the Minnesota Department of Health. These are new activities that do not have baseline measures.

HEALTH DEPT

Change Item: County Well Index & Well Water Risk Eval

Measure Deliverables	Current None	2012-13 Guidance for designation of areas	2014-15 Mapping	2016-17 NA
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Statutory Change: Not Applicable.

Technology Funding Detail

Note: There are likely to be consulting or MDH Information Services & Technology Management (ISTM) service charges for County Well Index work for the 2013-2014 fiscal years, but the extent of these costs will not be known until the scope of web development needs is worked out in fiscal year 2012. Some of this may be developed within the Environmental Health Division with little involvement by IS&TM other than project review. Estimates for this work are not included in the table below.

Funding Distribution	FY 2012-13 Biennium		FY 2014-15 Biennium		FY 2016-17 Biennium	
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personnel	\$	\$	\$	\$	\$	\$
Hardware	\$6,000	0	0	0		
Software (Maintenance)	\$1,800	\$1,800	\$1,800	\$1,800		
Facilities						
Services		\$50,000	\$100,000			
Training						
Grants						
TOTAL	\$7,800	\$51,800	\$101,800	\$1,800	\$	\$

HEALTH DEPT

Change Item: Well Sealing Cost Share

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	347	347	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$347	\$347	\$0	\$0

Recommendation

The Governor recommends that \$347,000 from Clean Water Land and Legacy Amendment funding be appropriated annually to assist public and private persons with the costs of properly sealing unused (abandoned) wells and borings.

Rationale

Unused wells, sometimes called “abandoned” wells, can pose a serious threat to groundwater quality by allowing contaminants to travel deep into the ground, bypassing the natural protection usually provided by layers of clay, silt, and other geologic materials. Although Minnesota leads the nation in sealing unused wells, and has sealed more than 250,000 wells in the past 25 years, an estimated 500,000 unused wells remain unsealed.

Minnesota law requires that an unused well or boring be properly sealed by a state-licensed well contractor. There is presently no state fund dedicated to systematically assist persons with sealing unused wells and borings. Sealing costs begin at \$500 to seal a small simple well, and increase with the size and depth of the well, as well as the complexity of work required to clean out, remove pumping equipment, and possibly perforate well casings to assure a thorough sealing. Sealing large municipal wells can cost tens of thousands of dollars.

Proposal

This proposal provides \$347,000 of cost-share money annually help Minnesotans seal unused wells and borings. Cost-sharing will be limited to 50% of total sealing costs. Of the \$347,000 being requested, half would be available for grants for sealing public wells and borings and would be administered directly by MDH, and half would be available for grants for sealing private wells and borings and would be administered by local governments.

A set of formal criteria will be established to rank candidate wells and borings according to the degree of public health and environmental risk that they pose. Criteria will include such factors as whether the well/boring: is in a Wellhead Protection Area; interconnects aquifers; is in an area of known groundwater contamination; and is also a public safety hazard.

Key Goals and Measures

This proposal fulfills the mission of the Minnesota Department of Health to protect, maintain, and improve the health of all Minnesotans, by facilitating the sealing of unused (abandoned) wells and borings. This will protect Minnesota’s groundwater resources not only for the present, but also for future generations.

Key Activity Measures

Four Key Activity Measures will be tracked annually:

- * Number of Municipal Public Wells sealed
- * Number of Non-municipal Public Wells sealed
- * Number of Private Wells Sealed
- * Number of Borings Sealed

Statutory Change: Not Applicable.

HEALTH DEPT

Change Item: GPS Locating Wells/Arsenic Testing

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	315	215	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$315	\$215	\$0	\$0

Recommendation

The Governor recommends that Clean Water Land and Legacy Amendment funding be appropriated to establish a formal process and standard for licensed well/boring contractors to use the Global Positioning System (GPS) to locate all wells constructed and sealed in Minnesota, and to test new private water wells for arsenic occurrence.

Rationale

Well and Boring Locating

Minnesota-licensed well/boring contractors are required by law and rule to submit the locations of wells and borings they construct and seal to the Minnesota Department of Health (MDH) on standard reporting forms. Since the State Well Code was created in 1974, contractors have been required to provide well locations using the U.S. Land Office Grid System Coordinates (Township, Range, Section, and quartiles of sections).

The accurate location of wells and borings is essential to many functions of both the private and public sectors. Many Minnesotans own or rent property without knowing the location of the well. When a well or pump fails, time is wasted searching for the well. Accurate well locations also allow the ability to distinguish closely-positioned wells from each other, many of which may be constructed differently. Accurate locations are also essential in finding lost wells that have been covered or buried, so that they can be properly sealed, to prevent the possibility of their spreading surface contamination into deeper water-bearing aquifers. The satellite-based "Global Positioning System (GPS)" now provides the most accurate locations. Many state agencies already use GPS technology to locate the wells with which they work, but all new wells need to be GPS-located when they are constructed and sealed.

Considering the dozens of different makes and models of GPS units, the different mode settings possible (e.g., reporting locations in degrees, minutes, seconds vs. decimal fractions of latitude/longitude), and even the different global positioning technologies that might be attempted (e.g., land-based towers vs. satellite signals), the department has concluded that providing a standardized, basic GPS unit would save at least one additional FTE per year in resolving all the likely problems associated with the use of non-standardized GPS equipment..

Arsenic Testing

Arsenic occurs widely in Minnesota groundwater. Approximately half of all wells contain detectable arsenic, and about 10% of wells exceed the drinking water standard ("Maximum Contaminant Level") of 10 micrograms per liter (ug/L). Since August, 2008, Minnesota Rules, Chapter 4725, has required persons constructing new potable water supply wells, usually licensed well contractors, to have a water sample tested for arsenic by a state-certified laboratory. Sampling of private wells, thereafter, is the responsibility of the well owner, and many wells may never be tested again. Long-term exposure to arsenic at levels exceeding 10 ug/L is not recommended.

Because the very act of drilling a new well can alter the geochemistry around a well intake, it is possible that arsenic levels from some newly-constructed wells may not always be representative of the long-term arsenic levels that those wells will produce. A pilot study is needed to determine if it is necessary to change the rule that requires all new wells contractors to be tested for arsenic or to modify recommendations to well owners. Considering the importance of this research, and the comparatively small size of the project, sampling by state professional staff is essential.

Proposal

This proposal provides funding for two FTEs, as well as funding to purchase standardized GPS equipment for Minnesota-licensed well boring contractors. Funds will be used to create a process for Minnesota-licensed well/boring contractors to efficiently report GPS locations of wells they construct and seal, training of contractors and staff, and maintenance and updating of equipment. Once the process is running smoothly in a few years, a rule change will be initiated to make GPS reporting mandatory.

The Minnesota Department of Health will also sample 120 private water-supply wells constructed since August, 2008, but older than six months, and compare arsenic results with samples collected by well contractors when the wells were drilled. Four specific regions of the state have been identified for study, and 30 wells from each region will be evaluated. Analyses will be performed by the MDH Public Health Laboratory. MDH staff will also have an opportunity to discuss the arsenic testing program with individual well owners, to get some direct feedback on how well the program is working, and whether any adjustments are needed.

If significant disagreement between the initial and longer-term test results is found in a significant number of cases, or if an adverse trend is observed, supplemental testing will be performed to help characterize the extent, scope, and possible cause(s) of the findings. If warranted, modifications to the current testing or well construction requirements may eventually be proposed.

Key Goals and Measures

This proposal fulfills the mission of the Minnesota Department of Health to protect, maintain, and improve the health of all Minnesotans, by assuring accurate information about their water supplies, and by facilitating efforts to seal unused (abandoned) wells and borings to protect Minnesota's groundwater resources, not only for the present, but also for future generations. Reducing the arsenic exposures of a sizeable segment of Minnesota's population will likely have a significant long-term public health impact.

Key Activity Measures

By June 30, 2012:

- Approximately 1,000 standard calibrated GPS units will be distributed to well and boring licensees.
- The data system software to receive GPS coordinates over the internet will be created.
- Contractor training will have been initiated, and some contractors will be providing GPS coordinates.
- 120 new water wells will be re-tested for arsenic, and the results (with interpretations) will be provided to the well owners.

By December 31, 2015:

- Rulemaking will be initiated to require GPS locating of all new wells and borings, and all sealed wells and borings.
- Follow-up sampling will be completed as needed to supplement information from the initial sampling and provide a clearer picture of arsenic occurrence, an analysis of the data will be performed, a report summarizing the findings will be finalized, and decisions will be made as to the need for any further action, possibly to include well contractor training and technical assistance and/or modifications to the current testing requirements.

Statutory Change: Not Applicable.

Program Description

The purpose of the Community and Family Health Promotion Program is to improve health by bringing together diverse expertise and systems to effectively direct resources to measurably improve the health of individuals, families, and communities – with particular attention to those experiencing health disparities.

Budget Activities

This program includes the following budget activities:

- Community and Family Health
- Health Promotion and Chronic Disease
- Office of Minority and Multicultural Health
- Office of Statewide Health Improvement Initiatives

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	44,539	39,269	39,269	39,269	78,538
Technical Adjustments					
Allotment Reduction			10,386	5,193	15,579
Approved Transfer Between Appr			348	348	696
Current Law Base Change			345	841	1,186
Subtotal - Forecast Base	44,539	39,269	50,348	45,651	95,999
Governor's Recommendations					
Fetal Alcohol Spectrum Disorders		0	340	340	680
Operating Budget Reductions		0	(30)	(30)	(60)
Total	44,539	39,269	50,658	45,961	96,619
State Government Spec Revenue					
Current Appropriation	1,033	1,033	1,033	1,033	2,066
Subtotal - Forecast Base	1,033	1,033	1,033	1,033	2,066
Total	1,033	1,033	1,033	1,033	2,066
Health Care Access					
Current Appropriation	21,642	28,719	28,719	28,719	57,438
Technical Adjustments					
Current Law Base Change			(27,000)	(27,000)	(54,000)
Subtotal - Forecast Base	21,642	28,719	1,719	1,719	3,438
Governor's Recommendations					
Statewide Health Improvement Program		0	20,000	20,000	40,000
Total	21,642	28,719	21,719	21,719	43,438
Federal Tanf					
Current Appropriation	10,826	12,640	11,733	11,733	23,466
Subtotal - Forecast Base	10,826	12,640	11,733	11,733	23,466
Governor's Recommendations					
Operating Budget Reductions		0	(20)	(20)	(40)
Total	10,826	12,640	11,713	11,713	23,426
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	43,274	40,614	50,658	45,961	96,619
State Government Spec Revenue	991	1,075	1,033	1,033	2,066
Health Care Access	20,634	29,727	21,719	21,719	43,438
Federal Tanf	10,826	12,640	11,713	11,713	23,426
Statutory Appropriations					
Miscellaneous Special Revenue	2,739	3,571	2,599	2,576	5,175
Federal	149,532	173,483	172,833	173,179	346,012
Federal Stimulus	577	9,906	9,227	2,000	11,227
Gift	2	51	46	46	92
Total	228,575	271,067	269,828	258,227	528,055

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Category</u>					
Total Compensation	20,552	25,738	25,926	25,485	51,411
Other Operating Expenses	12,758	27,854	27,518	23,955	51,473
Payments To Individuals	95,374	106,132	105,378	105,376	210,754
Local Assistance	99,891	111,343	111,296	103,701	214,997
Transfers	0	0	(290)	(290)	(580)
Total	228,575	271,067	269,828	258,227	528,055
<u>Expenditures by Activity</u>					
Community & Family Health	178,124	198,578	208,408	201,365	409,773
Health Promo & Chronic Disease	20,315	26,158	23,025	23,116	46,141
Minority Multicultural Health	4,130	6,203	6,002	6,002	12,004
Statewide Health Improvement	26,006	40,128	32,393	27,744	60,137
Total	228,575	271,067	269,828	258,227	528,055
Full-Time Equivalent (FTE)	262.2	285.5	292.1	293.8	

Activity at a Glance

- Provide administrative oversight of approximately \$174 million in grant funds.
- Provide technical and financial assistance to the state's 53 local public health boards.
- Provide nutrition services and supplemental food to almost 140,000 low-income pregnant women and young children each month.
- Provide USDA commodity food products to over 14,000 seniors and 1,000 children each month.
- Provide prenatal services to over 8,000 low-income women.
- Provide family planning services to almost 29,000 at-risk individuals.
- Provide services to more than 7,000 children with special health care needs.

Activity Description

Through partnerships with local and tribal governments, health care providers, and community organizations, this activity ensures a coordinated state and local public health infrastructure; works to improve the health of mothers, children, and families; promotes access to quality health care for vulnerable and underserved populations; and provides financial support, technical assistance, and accurate information to strengthen community-based health systems.

Population Served

The entire population of the state is served by this activity with special emphasis on mothers and children (especially those experiencing the greatest disparities in health outcomes and children with special health care needs and their families).

Services Provided

- Improve the health and nutritional status of pregnant and postpartum women, infants, young children, and the elderly by providing nutrition education and counseling, foods that meet key nutritional needs, and referrals for health and social services. These programs help prevent the future occurrence of nutrition related chronic disease. For example WIC vendors help improve local food environments by carrying fresh fruits and vegetables, and whole grains.
- Maintain access to quality health care services by providing statewide grants for pre-pregnancy family planning services.
- Improve the health and development of infants and children by supporting programs that provide early, comprehensive and ongoing screening, intervention, and follow-up.
- Improve pregnancy outcomes and enhance the health of pregnant and postpartum women and their infants by supporting programs that encourage early access to prenatal care, provide necessary support services, and increase knowledge of healthy behaviors.
- Assess and monitor maternal and child health status, including children with special health care needs.
- Help local health departments fulfill a set of essential local public health activities by administering state and federal funding, providing technical assistance to local health boards and staff, and providing public health training to local public health staff.
- Build statewide capacity and certify primary care providers as health care homes.

Historical Perspective

The federal Women, Infant and Children (WIC) Program and Title V Maternal Child Health (MCH) Block Grant have long provided a foundation for ensuring the health of Minnesota's mothers and children. Minnesota enjoys some of the best health status and health system measures for mothers, infants, and children in the nation. However, many of these measures mask significant issues related to disparities in health status based on race, ethnicity, and poverty. The Community and Family Health Division provides leadership, statewide policies and best practices, accountability, resources, and partnership in assuring that all children have comprehensive and coordinated early identification and intervention services, increasing emphasis on oral health and mental health promotion, and addressing childhood obesity.

The Office of Public Health Practice (within MDH) provides coordination and support to the local public health system which works in tandem with MDH to fulfill public health responsibilities. This interlocking system of state and local effort is critical to mounting an effective response to public health threats. The Office of Public Health Practice also supports MDH and local health departments in working to meet new national public health accreditation standards. One of the key components of Minnesota's 2008 health reform legislation is a focus on creating health care homes, which support the overarching goals of health reform: improving the individual

experience of care; improving the health of the population; and improving affordability by containing the per capita cost of providing care. Health care homes are an innovation in primary care in which primary care providers, families and patients work in partnership to improve the health and quality of life for individuals, especially those with chronic and complex conditions. Health care homes put the patient and family at the center of their care, develop proactive approaches through care plans and offer more continuity of care through increased care coordination.

Key Activity Goals & Measures

This activity supports the MDH goals of Promoting health throughout the lifespan, and Help all people get quality health care services in the departments strategic plan.

Measures

- Decrease the disparity in percent of births for which adequate prenatal care* was achieved for populations of color and American Indians when compared with the white population.

Ethnicity	History 2003-2005	Current 2006-2008	Target 2015
African American	64.1%	64.9%	71%
American Indian	51.3%	46.7%	51%
Asian/Pacific	69.0%	74.7%	82%
Hispanic/Latino	61.4%	64.4%	71%
White	82.6%	84.2%	88%

Source: Minnesota Department of Health

*Adequacy of care is determined by combining the measures of the month or trimester prenatal care began, the number of prenatal care visits, and the gestational age at the time of birth.

- Decrease the disparity in the percentage of children, ages two to five years, receiving WIC services that are at risk for being overweight or who are overweight for American Indians and populations of color when compared to the white population. (Body Mass Index [BMI] at or above the 85th percentile).

Ethnicity	History 2005	Current 2009	Target 2015
African American	27.2%	26.7%	24%
American Indian	49.9%	50.9%	46%
Asian/Pacific	31.9%	32.8%	30%
Hispanic/Latino	36.0%	35.9%	32%
White	26.3%	26.0%	25%

Source: Pediatric Nutrition Surveillance System – Centers for Disease Control

- Decrease the disparity in teen birth rates* *(15-19 years of age) for American Indians and populations of color when compared with teen birth rates for the white population.

Ethnicity	History 2003-2005	Current 2006-2008	Target 2015
African American	69.97	73.31	66
American Indian	96.13	102.52	92
Asian/Pacific	46.82	48.64	44
Hispanic/Latino	108.05	106.71	96
White	18.43	17.70	17

Source: Minnesota Department of Health

**Rate per 1,000 female teens 15 through 19 years old.

HEALTH DEPT

Program: COMMUNITY & FAMILY HEALTH PROMOTION

Activity: COMMUNITY & FAMILY HEALTH

Narrative

- Increase the percentage of infants who are diagnosed with a hearing loss that are enrolled in early intervention services by 6 months of age.

History 2007	Current 2008	Target 2015
24%	32%	70%

Source: Centers for Disease Control

- Protect public health by increasing the level of essential local public health activities performed by all local health departments.

History	Current	Target
2006	2009	2011
47%	67%	75%

Source: Minnesota Department of Health

Activity Funding

This activity is funded primarily from appropriations from the General Fund, Health Care Access Fund, State Government Special Revenue Fund, and from various federal funds.

Contact

Community and Family Health

Phone: (651) 201-3587

Web site: <http://www.health.state.mn.us/divs/cfh/connect>

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Activity: COMMUNITY & FAMILY HEALTH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	32,458	28,290	39,078	34,381	73,459
State Government Spec Revenue	991	1,075	1,033	1,033	2,066
Health Care Access	687	2,674	1,719	1,719	3,438
Federal Tanf	8,941	10,525	9,713	9,713	19,426
Statutory Appropriations					
Miscellaneous Special Revenue	486	367	297	297	594
Federal	134,097	152,696	154,081	154,206	308,287
Federal Stimulus	464	2,935	2,471	0	2,471
Gift	0	16	16	16	32
Total	178,124	198,578	208,408	201,365	409,773
<u>Expenditures by Category</u>					
Total Compensation	8,935	10,800	10,977	11,402	22,379
Other Operating Expenses	8,446	18,208	17,665	15,390	33,055
Payments To Individuals	91,689	102,206	102,206	102,206	204,412
Local Assistance	69,054	67,364	77,560	72,367	149,927
Total	178,124	198,578	208,408	201,365	409,773
Full-Time Equivalents (FTE)	109.6	122.0	124.3	124.3	

Activity at a Glance

- Registered 25,814 newly-diagnosed invasive cancers cases in 2007 in the Minnesota Cancer Surveillance System.
- Screened 19,728 low-income women for breast and/or cervical cancer in 2009 and detected 163 cancers.
- Provided grant funding to the Minnesota Brain Injury Association, which provided medical follow-up, employment, education, and family counseling services in 2009 to more than 15,000 Minnesotans with a traumatic brain or spinal cord injury.
- Trained more than 400 people across the state in 2009 to implement community evidence-based chronic disease self-management programs.

Activity Description

The Health Promotion and Chronic Disease Division protects, maintains, and improves the health of all Minnesotans by implementing public health interventions to prevent and manage chronic diseases and injuries by monitoring the occurrence of chronic diseases and injuries, and by providing leadership in the development of statewide programs and policies to reduce the burden of injuries, violence, cancer, heart disease, stroke, diabetes, asthma, arthritis, oral diseases, and other chronic diseases in Minnesota.

Population Served

While this activity serves the entire population of Minnesota, efforts are targeted to those who are more likely to be disabled or die from chronic diseases and injuries, including women, American Indians and populations of color, and low-income and uninsured people.

Services Provided**Help Minnesotans adopt healthy behaviors to prevent and manage chronic diseases and injuries.**

- Develop and disseminate innovative and effective policy, systems, and environmental health improvement strategies, consistent with best practices and statewide chronic disease prevention and management plans.
- Support health care providers and systems, public health agencies, community-based organizations, and employers in their prevention, screening, and disease management efforts.
- Provide information to health care providers and the public about identifying, treating, and supporting persons at risk for or affected by cancer, diabetes, heart disease, stroke, asthma, arthritis, oral diseases, traumatic brain and spinal cord injury, and poisoning.
- Provide information to health care providers, the public, organizations, employers, and labor organizations about the occurrence and prevention of work-related illnesses, injuries, and exposures.

Monitor the occurrence of cancer, stroke, injuries, and other chronic diseases.

- Operate a statewide system of surveillance for all newly-diagnosed cancer cases in the state.
- Analyze and report on the prevalence, disparities, and trends related to deaths and disabilities resulting from heart disease, stroke, cancer, arthritis, asthma, diabetes, oral diseases, injuries, violence, and poisoning.
- Conduct statewide occupational health surveillance to identify rates and trends of workplace hazards, illnesses, and injuries and establish priorities for educational and intervention programs.
- Use environmental public health tracking and biomonitoring technologies to identify possible linkages between chronic diseases and environmental exposures.

Increase access to services and improve the quality of health care to reduce death and illness due to chronic diseases and injuries.

- Provide free breast, cervical, and colorectal cancer screening and follow-up cancer diagnostic services.
- Provide cardiovascular risk factor screening, referral, and counseling to medically underserved women.
- Work with health care providers, health plans, and health systems to develop, accept, implement, and evaluate best practices to prevent, detect, and manage chronic diseases and injuries.
- Provide medical professionals, individuals, and families with the tools to better manage asthma, diabetes, cancer, heart disease, stroke, oral diseases, arthritis, traumatic brain and spinal cord injury, and poisoning.
- Translate health research and information into practice.
- Develop and implement evidence-based interventions to decrease the burden of chronic disease.
- Address barriers to accessibility of medical care.

Provide leadership in the development and maintenance of effective public/private partnerships to prevent and manage chronic diseases and injuries.

- Facilitate effective collaborations and partnerships.
- Convene forums to identify common interests and foster action related to preventing and managing chronic disease and injury across the lifespan.
- Work with and support health care providers and systems, public health agencies, and other community-based organizations involved in statewide screening, management, and planning efforts.
- Support the implementation of statewide plans for heart disease, stroke, cancer, diabetes, asthma, arthritis, oral health, and injury and violence prevention with multiple partners.

Historical Perspective

Chronic diseases, such as cancer, heart disease, stroke, diabetes, and arthritis, are the leading causes of death and disability in Minnesota. Although chronic diseases are among the most common and costly health problems, they are also among the most preventable. Adopting healthy behaviors can manage and delay disability and death from these diseases. Injuries are also a serious public health problem because of their health impact, including premature death, disability, and the burden on our health care system. Like many chronic diseases, many injuries are preventable.

Key Activity Goals & Measures

This activity supports the MDH goals of Promoting health through the lifespan, Prevent the occurrence and spread of disease, Help all people get quality health care services, Assure strong systems for health, and Eliminate health disparities and achieve health equity in the department’s strategic plan.

Measures

- Reduce deaths from colorectal, cervical, female breast, and lung cancer through improvements in healthy behaviors, screening and treatment.

Cancer Mortality Rate*	History		Current	Target
	2003-04	2005-06	2007-08	2015
Colorectal	16.8	15.1	15.3	11.8
Cervical	1.8	1.6	1.4	1.2
Female breast	22.6	21.4	21.2	16.6
Lung	46.5	45.0	45.5	46.0

Source: Minnesota Cancer Surveillance System based on deaths reported to the Center for Health Statistics.

*Mortality rate is number of deaths per 100,000 population, adjusted for year of diagnosis and age.

- Reduce deaths from other chronic diseases and unintentional injury.

Chronic Disease and Injury Mortality Rate*	History		Current
	1994-1998	1999-2003	2004-2008
Heart disease	212.8	171.1	135.6
Stroke	63.0	52.9	39.8
Diabetes	21.7	25.1	20.9
Unintentional Injury	34.7	35.7	35.7

Source: Deaths reported to the Minnesota Center for Health Statistics

*Mortality rate is number of deaths per 100,000 populations, age-adjusted

HEALTH DEPT

Program: COMMUNITY & FAMILY HEALTH PROMOTION

Activity: HEALTH PROMOTION & CHRONIC DISEASE

Narrative

- Reduce the burden of chronic disease and injury related to race/ethnicity, income, education, health insurance coverage, and age.

1. Race/ Ethnicity	Female Breast Cancer	Heart Disease	Diabetes	Unintentional Injury
African American	28.3	137.4	49.0	36.3
American Indian	~	196.0	72.4	84.5
Asian	12.5	64.5	20.4	20.5
Latino any race	14.8	56.3	29.1	25.1
White	21.5	134.8	20.0	34.6

Source: 2004-2008 deaths reported to the Minnesota Center for Health Statistics
 Female Breast Cancer Source: Minnesota Cancer Surveillance System
 Mortality rate is number of deaths per 100,000 population, age-adjusted
 ~ fewer than 16 cases

2. Income	Heart Attack	Diabetes	Arthritis	Asthma	No Dental Visit in last year
< \$25,000	5.9%	8.6%	21.8%	17.2%	41.6%
\$25,000-\$49,999	1.9%	4.4%	20.3%	13.9%	34.8%
\$50,000 +	1.6%	3.3%	13.9%	11.8%	16.8%

Adults aged 18 -64
 Source: 2008 & 2009 Behavioral Risk Factor Surveillance System
 Percentages are weighted to population characteristics

3. Education	Heart Attack	Diabetes	Arthritis	Asthma	No Dental Visit in last year
H.S. or less	3.3%	6.0%	17.6%	12.8%	34.6%
Some post-H.S.	2.2%	4.1%	18.6%	16.5%	26.9%
College Graduate	1.8%	2.8%	13.7%	11.5%	18.3%

Adults aged 18 -64
 Source: 2008 & 2009 Behavioral Risk Factor Surveillance System
 Percentages are weighted to population characteristics

4. Health Care Coverage	Heart Attack	Diabetes	Arthritis	Asthma	No Dental Visit in last year
Did not have health care coverage	3.0%	4.3%	10.9%	15.2%	54.8%
Had health care coverage	2.2%	4.1%	16.8%	13.2%	22.2%

Adults aged 18 -64
 Source: 2008 & 2009 Behavioral Risk Factor Surveillance System
 Percentages are weighted to population characteristics

5. Age	Heart Attack	Diabetes	Arthritis	Asthma	No Dental Visit in last year
18 – 64	2.3%	4.1%	16.2%	13.4%	25.4%
65 +	14.3%	15.3%	44.7%	6.9%	25.9%

Source: 2008 & 2009 Behavioral Risk Factor Surveillance System
 Percentages are weighted to population characteristics

HEALTH DEPT

Program: COMMUNITY & FAMILY HEALTH PROMOTION

Activity: HEALTH PROMOTION & CHRONIC DISEASE

Narrative

Activity Funding

This activity is funded primarily with federal funds as well as state general fund appropriations and miscellaneous special revenue funds.

Contact

Health Promotion and Chronic Disease Division

Phone: (651) 201-3600

E-mail: health.HPCD@state.mn.us

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Activity: HEALTH PROMO & CHRONIC DISEASE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,289	5,005	4,348	4,348	8,696
Statutory Appropriations					
Miscellaneous Special Revenue	2,134	2,630	2,136	2,113	4,249
Federal	12,830	18,371	16,411	16,632	33,043
Federal Stimulus	60	124	107	0	107
Gift	2	28	23	23	46
Total	20,315	26,158	23,025	23,116	46,141
<u>Expenditures by Category</u>					
Total Compensation	9,097	10,301	9,932	10,034	19,966
Other Operating Expenses	3,443	6,241	5,304	5,255	10,559
Payments To Individuals	3,685	3,926	3,172	3,170	6,342
Local Assistance	4,090	5,690	4,907	4,947	9,854
Transfers	0	0	(290)	(290)	(580)
Total	20,315	26,158	23,025	23,116	46,141
Full-Time Equivalents (FTE)	120.0	121.1	113.4	115.1	

Activity at a Glance

- Coordinate efforts to survey race- and ethnic-specific data being collected within MDH and statewide.
- Track outcomes to measure Minnesota's progress toward reducing health disparities in Populations of Color and American Indians (POC/AI).
- Awarded 42 Ending Health Disparities Initiative (EHDI) community grants and 10 tribal grants between 2001 and 2009 to address health disparities between POC/AIs and White populations in eight priority health areas (PHAs): immunizations for adults and children; infant mortality; breast and cervical cancer; HIV/AIDS and sexually transmitted infections; cardiovascular disease; diabetes; teen pregnancy rates; and unintentional injuries and violence. Outcomes from these investments are detailed below.
- Awarded 29 EHDI community grants and 9 tribal grants in 2010. The use of culturally competent promising approaches or best practices models in programs addressing the eight PHAs was stressed as were strategies addressing Social Determinants of Health (SDOH). Five of the 29 grants awarded in 2010 addressed SDOH.

Activity Description

The Office of Minority and Multicultural Health (OMMH) exists to close the gap in health disparities affecting Populations of Color and American Indians (POC/AIs) in Minnesota and to improve the overall health of the state's racially and ethnically diverse communities.

Population Served

The OMMH provides leadership within MDH and within our community-based, tribal, governmental, and local public health partners to identify, develop, and support strategies that reduce health disparities in populations of color and American Indians in Minnesota. These disparities are a result of a complex interplay of many factors, including institutional racism, cultural and linguistic barriers, access to health care, genetics, social determinants of health, and individual health behavior.

Services Provided**Provide leadership to improve the health status of POC/AIs in Minnesota:**

- Develop and implement a comprehensive and coordinated plan to reduce health disparities.
- Build capacity to meet the needs of POC/AIs in the areas of health promotion, disease prevention, and the health care delivery system.
- Promote workforce diversity and cultural proficiency in workplaces and health care settings.

Support local efforts to improve the health status of POC/AIs in Minnesota:

- Award/manage grants and provide technical assistance to community organizations and tribal governments to address racial and ethnic health disparities.
- Assist communities to assess the public health needs of POC/AIs and to close the Minnesota health disparity gap through solutions grounded in community asset strategies and interventions.
- Partner with existing MDH grant programs to increase their impact on closing health disparities gaps.

Ensure valid, available, and reliable data about the health status of POC/AIs in Minnesota:

- Assess risk behaviors associated with health disparities.
- Establish measurable outcomes to track Minnesota's progress in reducing health disparities.
- Support ongoing research and studies regarding health status and concerns of POC/AIs in Minnesota.
- Raise awareness of the recording and reporting of race/ethnicity health-related data.

Historical Perspective

MDH established the Office of Minority Health in 1993 to assist in improving the quality of health and eliminating the burden of preventable disease and illness in populations of color. In 2001, it became Office of Minority and Multicultural Health to reflect the ethnic specific focus on health with a multicultural approach to eliminating health disparities in populations of color and American Indians. The office works collaboratively with other divisions in MDH, other state departments, community-based agencies, health plans, and others to address the needs of populations of color and American Indians. In 2002, the Eliminating Health Disparities Initiative (EHDI) was launched.

Minnesota's population is becoming increasingly diverse. In the 1980 census, 3.4% of Minnesotans identified themselves as non-white or Hispanic/Latino. This increased to 15.2% in the 2009 census estimate update.

Minnesota Population Change: 1980-2009

Racial/Ethnic Group	1980 Census	1990 Census	2000 Census ¹	2007 Census ¹	2009 Census
African/African American	53,344	94,944	171,731	232,909	249,909
American Indian	35,016	49,909	54,967	60,928	66,640
Asian/Pacific Islander	32,226	77,886	143,947	182,473	202,143
Latino	32,123	53,884	143,382	205,896	226,384
White	3,935,770	4,130,395	4,400,282	4,640,074	4,464,703
Total Population²	4,075,970	4,375,099	4,919,479	5,197,621	5,266,214

Source: U.S. Bureau of Census

¹The population base for 2000 and 2005 Census data is using the "race alone."

²The population count for each racial/ethnic group does not add up to "Total Population" because Hispanic, who can be of any race, are counted in the racial groups and because "Some other race alone" and "Two or more races" categories are excluded from the table.

Key Activity Goals & Measures

This activity supports the MDH goal of *Eliminating health disparities and achieve health equity* in the department's strategic plan.

Measures

- Improve health by decreasing the disparity in infant mortality rates for American Indians and populations of color, as compared to rates for whites.

Number of deaths of live-born infants before age one, per 1,000 births

Racial/Ethnic Group	History		Current	Objective	Objective Met ?
	1989-1993	1995-1999	2003-2007	50% Disparity Reduction with Whites	
American Indian	16.2	13.5	10.2	36%	No
Asian/Pacific Islander	6.2	7.1	4.3	No Disparity	Yes
African/African American	16.5	13.2	8.9	67%	Yes
Latino	7.3	7.0	4.1	No Disparity	Yes
White Population	6.4	5.5	4.3		

Source: MDH Center for Health Statistics

- Improve health disparity status.

HEALTH DEPT**Program: COMMUNITY & FAMILY HEALTH PROMOTION****Activity: MINORITY MULTICULTURAL HEALTH**

Narrative

**Disparity Reduction/Increase by Health Area and Population,
1995 – 1999 to 2002 – 2006, Minnesota**

Priority Health Area	Disparity Status by Race/Ethnicity			
	African American	American Indian	Asian	Latino
Breast Cancer Mortality	55.5%	No disparity	No disparity	#
Cervical Cancer incidence	54.2%	15.3%	32.9%	#
Heart Disease Mortality	94.3%	(37.5%)	No disparity	No disparity
Diabetes Mortality	17.1%	18.7%	No disparity	25.3%
Teen Pregnancy	39.1%	4.2%	36.6%	15.8%
New HIV Infection	(7.4%)	51.8%	0.0%	(30.3%)
Immunizations	#	#	#	#
Unintentional Injury Mortality	No disparity	(29.7%)	No disparity	No disparity

- Lack of comparative baseline data available, cannot measure disparity

Source: 2009 EHD1 Legislative Report

Activity Funding

The office is funded by appropriations from the General Fund and also receives federal funding.

Contact

Director

Office of Minority & Multicultural Health

(651)201.5813

E-mail: ommh@state.mn.usWeb site: <http://www.health.state.mn.us/ommh>

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Activity: MINORITY MULTICULTURAL HEALTH

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<i>Dollars in Thousands</i>					
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,187	3,964	3,879	3,879	7,758
Federal Tanf	1,885	2,115	2,000	2,000	4,000
Statutory Appropriations					
Miscellaneous Special Revenue	0	122	121	121	242
Federal	58	0	0	0	0
Gift	0	2	2	2	4
Total	4,130	6,203	6,002	6,002	12,004
<u>Expenditures by Category</u>					
Total Compensation	534	666	633	633	1,266
Other Operating Expenses	50	280	227	227	454
Local Assistance	3,546	5,257	5,142	5,142	10,284
Total	4,130	6,203	6,002	6,002	12,004
Full-Time Equivalent (FTE)	6.7	7.5	7.5	7.5	

Activity at a Glance

- Awarded 41 grants to all 53 community health boards and 9 of 11 tribal governments to implement evidence-based policy, systems, and environmental change strategies to reduce obesity and tobacco use and exposure.
- Provided technical assistance to SHIP grantees through regional trainings, webinars, one-on-one support, site visits, and an in-person conference.
- Implementing statewide initiatives around Farm-to-School, healthy school meals Great Trays Partnership, Safe Routes to School, tobacco cessation services, and many others.

Activity Description

The Office of Statewide Health Improvement Initiatives (OSHII) improves the health of all Minnesotans through the implementation of public health interventions to prevent or delay the onset of chronic disease by targeting obesity, tobacco use and exposure, and alcohol and other drug use. OSHII provides leadership in the development of statewide programs and policies to improve health and reduce health care costs associated with chronic disease.

Population Served

This activity serves the entire population of Minnesota. Efforts are both population-based and focused on residents of the state who are at a high risk for obesity and tobacco use and exposure such as youth, the aging population, the disabled, American Indians, and populations of color. Different initiatives within OSHII fund different entities including local public health, tribal governments, and

community-based organizations. OSHII budget includes the Statewide Health Improvement Program (SHIP), several funding streams for the federally funded Communities Putting Prevention to Work (CPPW), and other Centers for Disease Control and Prevention and state funded tobacco, obesity, and alcohol and other drug use programs.

Services Provided**Monitor the occurrence of obesity, tobacco use and exposure, and related health behaviors.**

- Use the Behavioral Risk Factor Surveillance System, Minnesota Student Survey, and other data sources to analyze and report on the prevalence and trends in obesity, tobacco use and exposure, and related health behaviors such as physical activity and nutrition.
- Implement a system for local public health agencies to report annually on the systems changes they are making to reduce obesity and tobacco use and exposure.

Increase capacity for local public health agencies and tribal governments and their partners to address obesity and tobacco use and exposure in their communities.

- Fund community health boards, tribal governments, and community-based organizations to implement evidence-based interventions that address tobacco use and exposure and obesity.
- Partner with external organizations with expertise in health improvement and capacity building to ensure grantees are successful.
- Provide community engagement and intervention-specific training and technical assistance for SHIP and CPPW grantees.

Provide leadership in the development and maintenance of effective public/private partnerships to prevent obesity, tobacco use and exposure, and alcohol and other drug use.

- Facilitate effective collaborations and partnerships.
- Convene forums to identify common interests and foster action.
- Work with and support health care providers and systems, public health agencies, schools, and other community-based organizations involved in statewide prevention and planning efforts.
- Along with the Health Promotion and Chronic Disease Division, support the implementation of statewide plans for heart disease, stroke, cancer, diabetes, asthma, arthritis, oral health, and obesity prevention with multiple partners.

Historical Perspective

Chronic diseases, such as cancer, heart disease, stroke, diabetes, and arthritis, are the leading causes of death and disability in Minnesota. Although chronic diseases are among the most common and costly health problems, they are also among the most preventable; adopting healthy behaviors can prevent or control these diseases. Most chronic diseases have common risk factors. Tobacco use and exposure, physical inactivity, poor nutrition and alcohol abuse are the leading actual causes of death.

The Minnesota Tobacco Prevention and Control Program created a strategic plan to reduce tobacco use and exposure in the state. The five-year Minnesota Obesity Plan, completed in July 2008, represents a comprehensive collection of objectives and strategies to be implemented by a wide variety of stakeholders all across the state to promote healthy eating, physical activity, and healthy weight. SHIP was created from Minnesota’s 2008 health reform legislation to fund community health boards and tribal governments to work in schools, worksites, health care, and their communities to address these actual causes of death. The strategic plan of the Minnesota Tobacco Prevention and Control Program and the Minnesota Obesity Plan served as the background documents used to identify the interventions to be implemented and evaluated by SHIP grantees.

Key Activity Goals & Measures

This activity supports the MDH goals of *Promote health throughout the lifespan* and *Eliminating health disparities and achieve health equity* in the department’s strategic plan by ensuring Minnesotans make healthy choices and have social environments that support safe and healthy living.

Measures

- Increase the percent of Minnesota adults who meet national recommendations for healthy weight, physical activity, fruit and vegetable consumption, and who do not use tobacco.

Health Behavior or Risk Factor	History					Current	Target
	2003	2005	2006	2007	2008	2009	2013
Physical Activity	49%	51%		49%		53%	63%
Fruits & Vegetables	24%	25%		19%		22%	34%
Healthy Weight	39%	39%	37%	38%	37%	37%	42%
Tobacco Use	21%	20%	18%	17%	18%	17%	

Source: Minnesota Behavioral Risk Factor Surveillance System

- Improve youth health by reducing the percent of Minnesota high school youth who report that they have used tobacco in the last 30 days.

Youth tobacco use	History			Current	Target
	2000	2002	2005	2008	2011
	39%	34%	29%	27%	23%

Source: Minnesota Youth Tobacco Survey

- Increase the percent of Minnesota youth who meet national recommendations for healthy weight, physical activity, fruit and vegetable consumption, and who do not use tobacco (6th graders).

	History		Current	Target
	2001	2004	2007	2013
Health Behavior among 6th Graders				
Physical Activity	44%	46%	48%	57% (boys), 50% (girls)
Fruits & Vegetables	22%	21%	20%	31%
Tobacco Use	3%	3%	2%	

Source: *Minnesota Student Survey*

- Eliminate racial and ethnic disparities in the burden of obesity and tobacco use and exposure. Data are not currently available.

Activity Funding

This activity is funded primarily from appropriations from the health care access fund, general fund, and from various federal grants.

Contact

Office of Statewide Health Improvement Initiatives (OSHI)

Phone: (651) 201-5443

Websites:

SHIP: <http://www.health.state.mn.us/healthreform/ship/index.html>

Tobacco: <http://www.health.state.mn.us/divs/hpcd/tpc/>

MNPAN: <http://www.health.state.mn.us/divs/hpcd/chp/cdr/obesity/index.html>

HEALTH DEPT

Program: COMMUNITY & FAMILY HLTH PROMO

Activity: STATEWIDE HEALTH IMPROVEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,340	3,355	3,353	3,353	6,706
Health Care Access	19,947	27,053	20,000	20,000	40,000
Statutory Appropriations					
Miscellaneous Special Revenue	119	452	45	45	90
Federal	2,547	2,416	2,341	2,341	4,682
Federal Stimulus	53	6,847	6,649	2,000	8,649
Gift	0	5	5	5	10
Total	26,006	40,128	32,393	27,744	60,137
<u>Expenditures by Category</u>					
Total Compensation	1,986	3,971	4,384	3,416	7,800
Other Operating Expenses	819	3,125	4,322	3,083	7,405
Local Assistance	23,201	33,032	23,687	21,245	44,932
Total	26,006	40,128	32,393	27,744	60,137
Full-Time Equivalent (FTE)	25.9	34.9	46.9	46.9	

Program Description

The purpose of the Policy, Quality, and Compliance Program is to promote access to quality health care at a reasonable cost for Minnesotans; assess and report on the health of the population; and monitor compliance with laws and rules designed to protect the health and safety of Minnesota's nursing home residents, home care clients, hospital patients, and clients of certain allied health professional groups.

Budget Activities

This program includes the following budget activities:

- Compliance Monitoring
- Health Policy

HEALTH DEPT

Program: POLICY QUALITY & COMPLIANCE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,576	7,666	7,666	7,666	15,332
Technical Adjustments					
Approved Transfer Between Appr			11	11	22
Current Law Base Change			821	821	1,642
Fund Changes/consolidation			2,500	2,500	5,000
Subtotal - Forecast Base	5,576	7,666	10,998	10,998	21,996
Governor's Recommendations					
Operating Budget Reductions		0	(1,163)	(1,163)	(2,326)
Total	5,576	7,666	9,835	9,835	19,670
State Government Spec Revenue					
Current Appropriation	14,173	14,476	14,476	14,476	28,952
Technical Adjustments					
Current Law Base Change			(498)	(534)	(1,032)
One-time Appropriations			48	141	189
Subtotal - Forecast Base	14,173	14,476	14,026	14,083	28,109
Total	14,173	14,476	14,026	14,083	28,109
Health Care Access					
Current Appropriation	17,561	12,327	12,327	12,327	24,654
Technical Adjustments					
Biennial Appropriations			600	0	600
Current Law Base Change			(240)	(2,774)	(3,014)
Fund Changes/consolidation			(1,500)	(2,500)	(4,000)
One-time Appropriations			(237)	(237)	(474)
Subtotal - Forecast Base	17,561	12,327	10,950	6,816	17,766
Governor's Recommendations					
State Health Reform Activities		0	0	2,500	2,500
Federally Qualified Health Centers		0	(1,000)	0	(1,000)
Operating Budget Reductions		0	(213)	(213)	(426)
Total	17,561	12,327	9,737	9,103	18,840
Miscellaneous Special Revenue					
Current Appropriation	8,550	8,550	8,550	8,550	17,100
Subtotal - Forecast Base	8,550	8,550	8,550	8,550	17,100
Governor's Recommendations					
Eliminate the Direct Grants from MERC		0	0	(4,613)	(4,613)
Total	8,550	8,550	8,550	3,937	12,487

HEALTH DEPT

Program: POLICY QUALITY & COMPLIANCE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	159	0	0	0	0
Health Care Access	299	0	4,089	0	4,089
Direct Appropriations					
General	2,338	5,205	9,835	9,835	19,670
State Government Spec Revenue	9,498	15,037	14,026	14,083	28,109
Health Care Access	12,038	13,639	9,737	9,103	18,840
Miscellaneous Special Revenue	127	182	8,582	3,969	12,551
Open Appropriations					
Health Care Access	33	42	38	38	76
Statutory Appropriations					
Miscellaneous Special Revenue	22,843	23,364	16,940	14,240	31,180
Federal	2,812	3,225	3,260	3,086	6,346
Federal Stimulus	253	3,476	3,554	1,538	5,092
Medical Education & Research	87,554	85,798	66,491	76,282	142,773
Gift	9	31	31	31	62
Total	137,963	149,999	136,583	132,205	268,788
<u>Expenditures by Category</u>					
Total Compensation	25,343	26,369	25,352	25,156	50,508
Other Operating Expenses	16,063	25,855	26,459	19,947	46,406
Payments To Individuals	1,688	2,303	1,122	1,122	2,244
Local Assistance	93,056	93,334	91,236	91,179	182,415
Other Financial Transactions	1,813	2,138	2,137	2,137	4,274
Transfers	0	0	(9,723)	(7,336)	(17,059)
Total	137,963	149,999	136,583	132,205	268,788
<u>Expenditures by Activity</u>					
Compliance Monitoring	25,940	29,953	26,946	27,010	53,956
Health Policy	112,023	120,046	109,637	105,195	214,832
Total	137,963	149,999	136,583	132,205	268,788
Full-Time Equivalents (FTE)	303.9	297.9	296.2	295.2	

Activity at a Glance

- Monitor 7,950 health care facilities and providers for safety and quality.
- Review qualifications and regulate more than 5,000 allied health practitioners.
- Monitor 8 health maintenance organizations (HMOs) and 3 county based purchasing organizations that provide health care services to 1.1 million Minnesotans.
- Conduct hospital and nursing home construction plan reviews.
- Ensure criminal background checks are conducted on 136,000 applicants for employment in health care facilities.
- Maintain a registry of more than 60,000 nursing assistants.
- Maintain the nursing home report card web site, which from 2007-2009 had more than 390,000 visits.
- Inspect 350 funeral establishments and license 1,300 morticians and funeral directors each year.

Activity Description

The Compliance Monitoring Division monitors compliance with laws and rules designed to protect the health and safety of Minnesota's nursing home residents, home care clients, hospital patients, developmentally disabled clients, enrollees of health maintenance organizations and county based purchasing plans, and clients of certain allied health professional groups.

Population Served

This activity serves patients, consumers, and providers of health care services as well as state and local policy makers.

Services Provided

- Monitor compliance with federal and state laws and rules designed to protect health and safety, through unannounced inspections and surveys.
- Investigate reports of maltreatment in accordance with the Vulnerable Adult Act and other complaints of abuse, neglect, or maltreatment; investigate complaints against HMOs filed by enrollees and providers.
- Conduct reviews of requests for set-asides of criminal /maltreatment cases.
- Approve architectural and engineering plans for all new construction or remodeling of health care

facilities to assure that the facilities' physical plants meet life safety and health standards.

- Conduct annual reviews of at least 15% of Medicaid and private pay residents in certified nursing facilities to verify that payment classification matches acuity needs.
- Regulate funeral service providers to ensure the proper care and disposition of the dead.
- Regulate individuals who want to practice as audiologists, hearing instruments dispensers, speech language pathologists, and occupational therapists.
- Regulate HMOs and County Based Purchasing entities to ensure compliance with statutes and rules governing financial solvency, quality assurance, and consumer protection.
- Respond to several thousand calls annually seeking information and assistance from the health information clearinghouse.
- Provide information to regulated entities regarding current standards.

Historical Perspective

Housing with services providers are the fastest growing industry in the long-term care arena. This is reflective of consumer desires for less institutional care and more demand for community-based options by the elderly and persons with disabilities. Compliance Monitoring is working with providers, consumer representatives, and advocates to determine the proper alignment of regulatory activities to assure consumers safety while maintaining affordable fees to support the regulation. In addition, division staff members have been involved with numerous projects to develop additional options along a "care continuum," including the "Care Center of the Future" project, the Culture Change Coalition, Transform 2010, and the Community Consortium project. As a result of legislation enacted by the 2010 Legislature, Compliance Monitoring will license body art establishments and body art technicians effective January 1, 2011. The division will also license birth centers beginning January 1, 2011.

Key Activity Goals & Measures

This activity supports the MDH goals of *Help all people get quality health care services* and *Assure strong systems for health* in the department's strategic plan.

Measures

- Continue to meet the two indicators under the federal Government Performance Results Act (GPRA) for nursing facilities collectively in the state.
 - Have no more than 5.9% of patients whose care assessments indicate the use of physical restraints. Minnesota currently satisfies this overall goal at 1.5%.
 - No more than 8.0% of patients whose care assessments indicate pressure ulcers. Minnesota currently satisfies this goal at 5.1%.
- The additional goal (listed under the corresponding measure) is to increase compliance, so that each nursing home meets these goals.

	2006	2007	2008	2009	GPRA
Patients whose care assessment indicates use of physical restraints (statewide)	3.1%	2.4%	1.9%	1.5%	5.9
% nursing facilities meeting 5.9% rate	92%	89%	data not available*	96%	NA
Patients whose care assessment indicates pressure ulcers	5.6%	5.4%	5.3%	5.1%	8.0%
% nursing facilities meeting 8% rate	83%	86%	data not available*	90%	NA

*Data is from federal data base at CMS; web link is unavailable for 2008.

Activity Funding

This activity is funded by direct appropriations from State Government Special Revenue Fund and the General Fund, and from federal funding.

Contact

Compliance Monitoring Division

Phone: (651) 201-3700

Web-site: <http://www.health.state.mn.us/cm/index.html>

HEALTH DEPT

Program: POLICY QUALITY & COMPLIANCE

Activity: COMPLIANCE MONITORING

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	68	172	2,917	2,917	5,834
State Government Spec Revenue	6,111	9,128	9,685	9,649	19,334
Health Care Access	0	39	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	19,271	19,999	13,729	13,829	27,558
Federal	490	497	497	497	994
Federal Stimulus	0	118	118	118	236
Total	25,940	29,953	26,946	27,010	53,956
<u>Expenditures by Category</u>					
Total Compensation	16,842	16,760	15,946	15,995	31,941
Other Operating Expenses	9,098	13,193	10,923	10,938	21,861
Transfers	0	0	77	77	154
Total	25,940	29,953	26,946	27,010	53,956
Full-Time Equivalent (FTE)	194.3	192.3	191.4	191.4	

Activity at a Glance

- Support state and federal health reforms, including the areas of payment reform, performance measurement, delivery system design, transparency of health care quality and cost, insurance coverage, and Health Insurance Exchanges.
- Assist the health care delivery system to achieve effective electronic health record use to improve care, reduce costs and maximize federal incentive payments.
- Track and report on health care cost growth and trends in the health care marketplace.
- Issue more than 600,000 certified birth and death records each year.
- Advance the use of standard health care electronic transactions by more than 60,000 Minnesota providers and over 2,000 payers nationwide, to reduce health care administrative costs.
- Conduct surveys to determine insurance coverage and access to health care.
- Monitor and report on the prevalence of adverse events in Minnesota hospitals.
- Provide grants and loan forgiveness to support medical education activities and the health care safety net.

Activity Description

The Health Policy Division provides policy research, analysis, design, and implementation of programs and reforms to improve health care value, quality, and accessibility. The division plays a key role in assessing requirements and options associated with federal health reform laws and serves as the lead on Health Insurance Exchanges. It promotes access to quality, affordable health care for vulnerable, underserved, and rural populations. It streamlines and reduces health care administrative burdens and costs; accelerate effective electronic health records and e-prescribing use; provide financial and technical assistance to community-based health systems; improve vital records data collection and issuance; and support medical professionals' training. It assesses and report on population health, adverse health events, the health care marketplace, and workforce issues to help target programs and funding to their best use.

Population Served

The division serves all Minnesota citizens, health care professionals, purchasers, payers, and policy makers.

Services Provided

- Support state and federal health reforms, including the areas of payment reform, performance measurement, delivery system design, transparency of health care quality and cost, insurance coverage, and Health Insurance Exchanges.
- Collect data and perform research to inform policy makers; analyze data to monitor and understand health care access, market conditions and trends, health care spending, capital investments, health status and disparities, health behaviors and conditions, and prevalence of disease.
- Assist health care payers and providers to standardize administrative processes to reduce health care costs.
- Provide leadership and technical assistance to health care organizations and consumers on statutory mandates for use of health information technology and administrative simplification.
- Administer the statewide hospital trauma system, collect and analyze trauma data for system improvement and interagency coordination, and provide technical expertise to hospitals caring for trauma patients.
- Award \$50-\$60 million in funds each year to clinical health professional training sites in Minnesota.
- Strengthen Minnesotans' access to quality health care services by directing state and federal assistance to safety net health care providers, including community clinics and rural providers.
- Analyze and report on Minnesota's rural and underserved urban health care delivery system and health workforce in order to focus planning for future needs.
- Collect information on adverse health events in Minnesota hospitals and ambulatory surgical centers; and provide information about patient safety in Minnesota to providers, health plans, patients, and others.
- Administer a secure vital records system so that citizens can obtain birth and death records and health researchers have timely information that will help improve response to public health issues and emergencies.

Historical Perspective

Like the nation overall, Minnesota has unsustainable rates of health care spending growth. In the past ten years, health care spending more than doubled, reaching \$35.1 billion in 2008. Without any changes to the underlying trends, spending is projected to double in ten years, consuming about \$1 out of every \$5 of the state's economy.

The Health Policy Division's work on health care market analysis, payment reform, quality measurement and reporting, administrative simplification, and e-health mandates will help slow the growth of health spending while increasing affordable access to quality health care for all Minnesotans. The Health Policy Division delivers objective and thorough research, policy analysis, and other vital information and support to consumers, policy makers, health professionals, payers, and purchasers.

Through this work, we help drive the transformation of the health care system to address system inefficiencies and health care cost growth. The division also stabilizes and strengthens the health care system by supporting the trauma system and health care safety net providers.

Key Activity Goals & Measures

This activity supports the MDH goals of *Help all people get quality health care services* and *Assure strong systems for health* in the department's strategic plan.

Measures

- **All Minnesotans will have access to affordable coverage for the health care they need.** The Division analyzes health coverage trends to inform policy decisions about the design and implementation of health care market and payment reforms that address system inefficiencies and health care cost growth.

2007 Uninsurance Rate	2009 Uninsurance Rate	Target 2011 Uninsurance Rate
7.2%	9.1%	7.5%

Source: MN Health Access Survey 2009 and 2007

- **Health care related to prescription drug use in Minnesota is safe, effective and coordinated.** The Division develops policy and identifies practical guidance to assist providers, group purchasers, prescribers, and dispensers to implement and effectively use electronic prescription programs, as required by Minnesota Statutes, section 62J.497.

2008	2009	Target 2011
Rx Routed Electronically	Rx Routed Electronically	Rx Routed Electronically
3.6%	21%	80%

Source: SureScripts.

- **Trauma health care services are available throughout Minnesota.** Nearly all MN hospitals will be part of the trauma system in 2011, allowing the division to collect and analyze more comprehensive data. Better information will help increase coordination between trauma centers, promote overall system improvement, and ensure seriously injured patients are cared for competently and expeditiously.

2006 Trauma Centers	2010 Trauma Centers	Target 2011 Trauma Centers
0 Hospitals	107 Hospitals (83%)	124 Hospitals (96%)

Source: Office of Rural Health and Primary Care

Activity Funding

This activity is funded from direct appropriations from the state government special revenue fund, the general fund, the health care access fund; medical education and research costs funds, special revenue funds, federal and miscellaneous special revenue funds.

Contact

Division of Health Policy
Phone: (651) 201-4819

HEALTH DEPT

Program: POLICY QUALITY & COMPLIANCE

Activity: HEALTH POLICY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Carry Forward					
State Government Spec Revenue	159	0	0	0	0
Health Care Access	299	0	4,089	0	4,089
Direct Appropriations					
General	2,270	5,033	6,918	6,918	13,836
State Government Spec Revenue	3,387	5,909	4,341	4,434	8,775
Health Care Access	12,038	13,600	9,737	9,103	18,840
Miscellaneous Special Revenue	127	182	8,582	3,969	12,551
Open Appropriations					
Health Care Access	33	42	38	38	76
Statutory Appropriations					
Miscellaneous Special Revenue	3,572	3,365	3,211	411	3,622
Federal	2,322	2,728	2,763	2,589	5,352
Federal Stimulus	253	3,358	3,436	1,420	4,856
Medical Education & Research	87,554	85,798	66,491	76,282	142,773
Gift	9	31	31	31	62
Total	112,023	120,046	109,637	105,195	214,832
<u>Expenditures by Category</u>					
Total Compensation	8,501	9,609	9,406	9,161	18,567
Other Operating Expenses	6,965	12,662	15,536	9,009	24,545
Payments To Individuals	1,688	2,303	1,122	1,122	2,244
Local Assistance	93,056	93,334	91,236	91,179	182,415
Other Financial Transactions	1,813	2,138	2,137	2,137	4,274
Transfers	0	0	(9,800)	(7,413)	(17,213)
Total	112,023	120,046	109,637	105,195	214,832
Full-Time Equivalents (FTE)	109.6	105.6	104.8	103.8	

Program Description

The purpose of the Health Protection Program is to protect the public from dangerous diseases, exposures, and events through monitoring and assessment of health threats; developing and evaluating intervention strategies to combat disease and exposures; monitoring and inspections of potential health problems; and providing scientific laboratory, environmental health, and epidemiological capacity.

Budget Activities

This program includes the following budget activities:

- Environmental Health
- Infectious Disease Epidemiology, Prevention & Control
- Public Health Laboratory
- Office of Emergency Preparedness

HEALTH DEPT

Program: HEALTH PROTECTION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	0	594	594	594	1,188
Technical Adjustments					
One-time Appropriations			(594)	(594)	(1,188)
Subtotal - Forecast Base	0	594	0	0	0
Total	0	594	0	0	0
General					
Current Appropriation	9,272	10,670	10,670	10,670	21,340
Technical Adjustments					
Approved Transfer Between Appr			(900)	(900)	(1,800)
Current Law Base Change			(150)	(150)	(300)
One-time Appropriations			(250)	(250)	(500)
Subtotal - Forecast Base	9,272	10,670	9,370	9,370	18,740
Governor's Recommendations					
Operating Budget Reductions		0	(85)	(85)	(170)
Total	9,272	10,670	9,285	9,285	18,570
State Government Spec Revenue					
Current Appropriation	30,209	30,209	30,209	30,209	60,418
Subtotal - Forecast Base	30,209	30,209	30,209	30,209	60,418
Governor's Recommendations					
Modify Fees for State Well Program		0	300	300	600
Bored Geothermal Heat Exchangers		0	150	150	300
Enclosed Sports Arena Certification Prog		0	250	250	500
Total	30,209	30,209	30,909	30,909	61,818
Clean Water					
Current Appropriation	1,645	2,105	2,105	2,105	4,210
Technical Adjustments					
One-time Appropriations			(2,105)	(2,105)	(4,210)
Subtotal - Forecast Base	1,645	2,105	0	0	0
Governor's Recommendations					
Contaminants Emerging Pub Hlth Concern		0	1,020	1,020	2,040
Source Water Protection		0	1,415	1,415	2,830
County Well Index & Well Water Risk Eval		0	467	619	1,086
Well Sealing Cost Share		0	347	347	694
GPS Locating Wells/Arsenic Testing		0	315	215	530
Total	1,645	2,105	3,564	3,616	7,180

HEALTH DEPT

Program: HEALTH PROTECTION

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	594	0	0	0
General	8,824	13,194	9,285	9,285	18,570
State Government Spec Revenue	26,579	33,839	30,909	30,909	61,818
Environmental	68	122	0	0	0
Remediation Fund	198	306	0	0	0
Clean Water	362	3,388	3,564	3,616	7,180
Open Appropriations					
State Government Spec Revenue	195	301	250	250	500
Statutory Appropriations					
Drinking Water Revolving Fund	736	520	520	520	1,040
Miscellaneous Special Revenue	8,626	11,978	9,268	9,256	18,524
Federal	58,387	72,117	63,066	60,209	123,275
Federal Stimulus	571	3,919	2,579	173	2,752
Gift	4	215	58	58	116
Total	104,550	140,493	119,499	114,276	233,775
<u>Expenditures by Category</u>					
Total Compensation	47,047	58,681	56,634	54,752	111,386
Other Operating Expenses	30,234	53,701	40,349	37,164	77,513
Payments To Individuals	3	0	0	0	0
Local Assistance	27,266	28,111	22,932	22,776	45,708
Transfers	0	0	(416)	(416)	(832)
Total	104,550	140,493	119,499	114,276	233,775
<u>Expenditures by Activity</u>					
Environmental Health	32,331	42,051	39,069	38,345	77,414
Infect Disease Epid Prev Cntrl	22,578	33,925	30,396	27,179	57,575
Public Health Laboratory	18,772	30,510	23,403	23,321	46,724
Office Emergency Preparedness	30,869	34,007	26,631	25,431	52,062
Total	104,550	140,493	119,499	114,276	233,775
Full-Time Equivalents (FTE)	616.1	617.7	632.2	625.3	

Activity at a Glance

- Test drinking water at more than 8,000 public water systems. 95% of Minnesotans served by community water systems receive water that meets all health-based drinking water standards.
- Assure safe food, drinking water, lodging, and swimming pools in 21,000 licensed restaurants and hotels statewide. Annually 11,296 certified food managers (CFM) are registered. There are currently 54,797 CFM's in the state.
- Test private wells and issue drinking water advisories in areas of contaminated groundwater. Test newly constructed drinking water supply wells for bacteria, nitrate, and arsenic.
- Assess multiple social, economic, exposure, and health factors that affect public health through Health Impact Assessments.
- Promote healthy indoor environments through education about and assistance with asbestos, lead, indoor arenas, Minnesota Clean Indoor Air Act, and Radon and Tools for Schools.
- Respond to environmental health threats during natural disasters and biological, chemical and radiological emergencies.

- License professions impacting drinking water.

Prevent health risks by protecting the safety of food.

- Inspect food establishments to ensure safe food handling and certify professionals in food safety.
- Monitor and assist community-based delegated programs for food, beverage and lodging establishments.
- Develop guidelines for the safe consumption of fish and outreach to susceptible populations, e.g., Hmong.

Prevent health risks by protecting the quality of indoor environments and public swimming pool safety.

- License and inspect public swimming pools and spas. Educate owners and operators in safe pool operations.
- Develop standards for safe levels of contaminants in air and abatement methods for asbestos and lead.
- Monitor the exposure of citizens to lead and issue guidelines on screening and treatment.
- Ensure that the provisions of the Minnesota Clean Indoor Air Act are equitably enforced
- Inspect and monitor lodging, manufactured home parks, and recreational camping areas.

Respond to emerging health risks.

- Focus attention on children to ensure they are protected from harmful chemicals and other hazards, e.g., implementation of the Toxics Free Kids (products) program.
- Evaluate human health risks from emerging chemical and physical agents in the environment such as endocrine disruptors in water and large wind turbine projects.
- License and inspect the use of radioactive materials and x-ray equipment.
- Assess and prevent possible human health risks from accidental spills, waste disposal, and agricultural and industrial activities.

Activity Description

Environmental health programs are an integral part of Minnesota's public health system, working to educate, prevent, control, mitigate and respond to health hazards in the environment. The division assures that Minnesotans have safe drinking water and food, and are protected from hazardous materials in their homes, workplace, and communities. It identifies and responds to emerging environmental health threats and public health emergencies. As a result of research on environmental hazards and greater awareness of the environment's impact on overall health, the public increasingly looks toward the environmental health community for its expertise and leadership.

Population Served

This activity serves the entire population of Minnesota by ensuring that all Minnesotans have clean drinking water, safe food, sanitary lodging, and are protected from hazardous materials in their homes and the environment. In the event of natural disasters, such as floods, drinking water contamination or nuclear power plant emergencies, the affected area is directly served.

Services Provided**Prevent health risks by protecting the quality of water.**

- Monitor public drinking water quality and provide technical assistance to public water system operators.
- Assist public water suppliers to protect sources of drinking water.
- Inspect water well construction and sealing.

Historical Perspective

Minnesota’s first public health laws, passed in 1872, focused on environmental health threats—the provision of safe drinking water, sewage disposal, wastewater treatment, and milk sanitation. Since 1900, the average lifespan of people in the United States has lengthened by 25 years due to advances in public health, many of which involved environmental health protection. Clean water and improved sanitation have resulted in the control of infectious diseases. Improvement in food preparation procedures and a decrease in food and environmental contamination have resulted in safer and healthier foods. Today, the department continues prevention efforts to ensure the environmental health and safety of Minnesotans are protected at home, at work, and in public places.

Key Activity Goals & Measures

This activity supports the MDH goals of Promote health throughout the lifespan; Make physical environments safe and healthy; Prevent the occurrence and spread of disease; and Prepare for and respond to disasters and emergencies in the department’s strategic plan.

Measures

- Prevent ground water contamination sealing unused, abandoned wells.

	History	Past	Current	Target	Target
	1987	2000	2008	2011	2050
Number of wells sealed (cumulative)	3,275	149,000	200,000	240,000	750,000 (est.)

Source: MDH Well sealing records, reported as required by licensed well contractors.

- Reduce health disparities by decreasing the % of children with elevated blood lead levels (above 10µg/dl).

	Baseline	Past	Current	Target
	1995	2003	2009	2010
Elevated blood lead reported	11.6%	2.7%	0.8%	0%

Source: MDH Environmental Surveillance and Assessment Section

- Expanded drinking water protection activities made possible by the Clean Water Fund

	Baseline	Target	Target	Target
(cumulative)	2010	2011	2012	2020
Health based guidance values – <i>Characterize health risks from drinking water exposures to contaminants of emerging health concern.</i>	3	10	17	73
Communities in the wellhead protection program – <i>Accelerate the development and implementation of community-based wellhead protection plans, with all communities in the process of implementing plans by 2020.</i>	357	408	579	932

Source: MDH Drinking Water Protection and Environmental Surveillance and Assessment Sections.

Activity Funding

The division is funded from a variety of sources including the state government special revenue fund, the general fund, and the clean water legacy funding. In addition, the division also receives federal funds, special revenue funds, drinking water revolving funds, and resources from other miscellaneous funds.

Contact

Environmental Health Division Director office

Phone: (651) 201-4571

The division website is <http://www.health.state.mn.us/divs/eh/index.html>.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: ENVIRONMENTAL HEALTH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,802	3,122	2,825	2,825	5,650
State Government Spec Revenue	18,991	25,258	22,904	22,904	45,808
Environmental	68	122	0	0	0
Remediation Fund	198	306	0	0	0
Clean Water	362	3,388	3,564	3,616	7,180
Open Appropriations					
State Government Spec Revenue	195	301	250	250	500
Statutory Appropriations					
Drinking Water Revolving Fund	736	520	520	520	1,040
Miscellaneous Special Revenue	570	728	412	412	824
Federal	8,409	8,303	8,591	7,815	16,406
Gift	0	3	3	3	6
Total	32,331	42,051	39,069	38,345	77,414
<u>Expenditures by Category</u>					
Total Compensation	21,082	22,258	22,911	22,782	45,693
Other Operating Expenses	9,866	17,297	14,859	14,050	28,909
Local Assistance	1,383	2,496	1,676	1,890	3,566
Transfers	0	0	(377)	(377)	(754)
Total	32,331	42,051	39,069	38,345	77,414
Full-Time Equivalents (FTE)	267.1	269.7	291.2	292.5	

Activity at a Glance

- Tracked 2009-2010 H1N1 influenza activity, including hospitalizations, doctor's office visits, school outbreak reporting, laboratory testing, and deaths to guide public health interventions.
- Ordered 2.5 million doses of H1N1 vaccine.
- Responded to over 5400 calls to the MDH H1N1Public Hotline.
- Detected state and national outbreaks such as *E. coli* O157:H7 associated with steaks and ground beef, *Salmonella* Typhimurium associated with peanut butter, and *Salmonella enteritis* associated with shell eggs.
- Investigated 63 intestinal disease outbreaks in 2009.
- Funded clinics to provide STD and HIV testing, 30,000 people were tested for STDs and 12,100 people for HIV, and more than 2,300 infected persons were treated in 2009.
- Coordinated programs to immunize 70,000 babies annually to prevent serious diseases.
- Managed treatment for 161 TB cases and evaluated 893 case contacts in 2009.
- Investigated the spread of West Nile virus (101 cases and two deaths in 2007).

Coordinated health screenings for newly arrived refugees. In 2009, 97 percent received a health assessment and 94 percent of these were screened within three months of arrival.

Activity Description

The Infectious Disease Epidemiology, Prevention and Control (IDEPC) Division provides statewide leadership to protect Minnesotans from infectious diseases. The division recommends policy for detecting, preventing or controlling infectious diseases; coordinate with the health care system to implement effective measures to prevent further transmission of diseases; and monitor state, national and international disease awareness and control activities in order to identify emerging infectious disease threats.

The division assures Minnesotans are safe from infectious diseases by maintaining systems to detect, investigate, and mitigate infectious disease outbreaks as well as to respond to biological terrorism and other emergencies. We prevent infectious diseases by providing tuberculosis (TB) medications, providing funding for STD and HIV testing, promoting and distributing vaccines, and coordinating refugee screenings to identify and treat health problems. It controls the spread of disease through early detection and investigation of infectious disease outbreaks as well as identifying activities to prevent future outbreaks.

Population Served

All residents of Minnesota are served by this activity. Specific target populations include infants and children, adolescents, high-risk adults, refugees, immigrants and other foreign-born individuals, restaurant workers, and patients in hospitals and long-term care facilities. IDEPC collaborates with local, state, and federal public health officials; community organizations, and public and private hospitals and laboratories to detect, investigate and mitigate outbreaks, prevent disease, and provide advice on diagnosis and treatment of rare infectious diseases.

Services Provided**Respond to Public Health Threats.**

- Monitor for unusual patterns of infectious disease.
- Lead efforts to detect and control pandemic influenza.
- Notify federal officials, hospitals, clinics, and the public of the need to remove a product from the market or to not use or consume a specific product that is a public health threat.

Detect, investigate, and mitigate infectious disease outbreaks.

- Maintain a 24/7 system to detect and investigate cases of infectious disease.
- Analyze disease reports to detect outbreaks, identify the cause, and implement control measures.
- Alert health professionals and the public about outbreaks and how to control them.
- Help medical professionals manage persons ill with, or exposed to, infectious disease.
- Maintain food-borne illness hotline to receive citizen illness complaints and detect outbreaks.
- Manage treatment of and provide medications for TB patients to prevent spread of disease.
- Provide vaccines and other biologics to prevent and control outbreaks of vaccine-preventable disease.
- Conduct follow-up activities to facilitate testing, treatment, and counseling of HIV, STD, and TB patients and their contacts to prevent disease transmission.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: INFECTIOUS DISEASE EPID, PREVENTION, & CONTROL

Narrative

- Provide technical support to local public health on infectious disease issues; MDH field epidemiologists serve in eight regions across the state.

Prevent infectious disease:

- Distribute publicly-purchased vaccines for children whose families are unable to afford them.
- Coordinate medical screening programs for newly arrived refugees.
- Provide leadership for development of a statewide immunization information system.
- Conduct specialized studies on diseases of high concern to the public and the medical community.
- Educate health care providers on management of infectious diseases via the web, through publications, and by direct telephone consultation (24/7 on-call system).
- Educate the public, including high-risk populations, on disease testing, treatment, and prevention methods.
- Provide grants to local public health agencies and nonprofit organizations for prevention activities.
- Involve high-risk communities, health care providers, and concerned citizens in responding to infectious disease challenges. Advisory committees have been established to address vaccines, TB, and HIV/STD.
- Alert the public where and when the risk of vectorborne disease (Lyme disease from ticks, West Nile virus from mosquitoes) is the greatest.
- Communicate current infectious disease information through the publication of BugBytes and the Disease Control Newsletter.

Key Activity Goals & Measures

This activity supports the MDH goals of *Prevent the occurrence and spread of diseases* in the department's strategic plan.

Measures

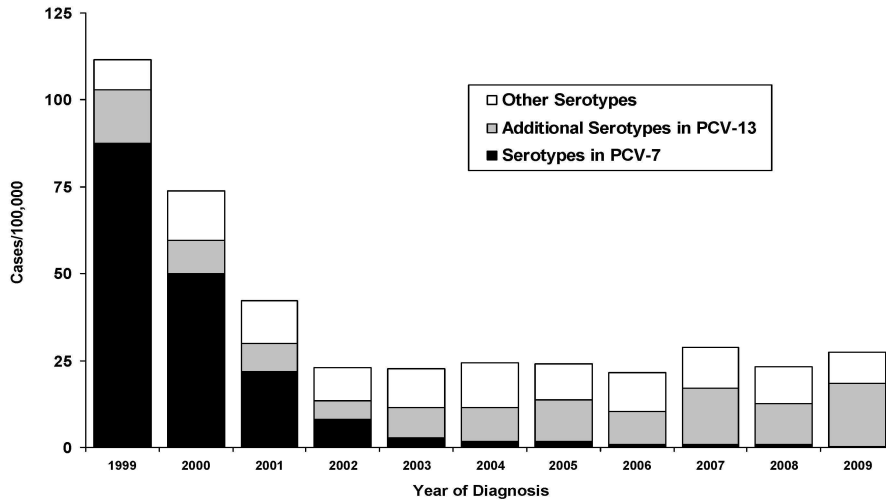
- Increase the percent of new TB patients who complete therapy in 12 months. Completion of TB therapy prevents spread and reduces the development of resistant strains of TB. State funding for TB medication allows MDH to distribute medications without cost to the patient to reduce barriers to completion of therapy.

History	History	History	History	History	Current	Target
2000	2002	2004	2006	2007	2008	2011
79% (n=136)	84% (n=184)	93% (n=188)	91 % (n=199)	89% (n=212)	89 % (n=178)	99%

Source: MDH Tuberculosis Annual Progress Report

- Increase the availability and use of pneumococcal vaccine to prevent serious infections in children, such as pneumonia, blood infections, and meningitis, sinusitis, and ear infections. MDH makes the vaccine available without cost barriers through the federal Vaccines for Children Program. MDH distributed \$39 million of vaccine in 2009 through this program. Since the pre-vaccine era, serious pneumococcal infections in children less than five years old have been reduced by 75 percent.

Invasive Pneumococcal Disease Incidence Among Children <5 Years of Age, by Year and Serotype Group, Metropolitan Area, 1999-2001; Minnesota, 2002-2009



PCV-13 contains the 7 serotypes in PCV-7 (4,6B,9V,14,18C,19F and 23F) plus 6 additional serotypes (1,3,5,6A,7F and 19A)

Source: MDH Infectious Disease Surveillance System.

- Since 1999, the year before the pediatric pneumococcal conjugate vaccine (PCV-7) was licensed, the rate of invasive pneumococcal disease among children has generally declined with increases in disease caused by nonvaccine serotypes. In March 2010, a new 13-valent vaccine became available with 6 additional serotypes than those in PCV-7. Since 2007, the majority of invasive pneumococcal disease cases among children under the age of five years have been caused by these 6 new serotypes.

Activity Funding

The division is funded primarily from federal funds and appropriations from the General Fund.

Contact

Infectious Disease Epidemiology, Prevention, and Control Division

Phone: (651) 201-5414

The division website is <http://www.health.state.mn.us/divs/idepc>

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: INFECT DISEASE EPID PREV CNTRL

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<i>Dollars in Thousands</i>					
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,822	4,463	4,172	4,172	8,344
State Government Spec Revenue	206	222	214	214	428
Statutory Appropriations					
Miscellaneous Special Revenue	2,274	3,082	2,828	2,816	5,644
Federal	15,730	22,140	20,632	19,751	40,383
Federal Stimulus	542	3,808	2,497	173	2,670
Gift	4	210	53	53	106
Total	22,578	33,925	30,396	27,179	57,575
<u>Expenditures by Category</u>					
Total Compensation	11,697	17,323	16,245	14,585	30,830
Other Operating Expenses	6,983	11,331	9,542	8,355	17,897
Payments To Individuals	3	0	0	0	0
Local Assistance	3,895	5,271	4,609	4,239	8,848
Total	22,578	33,925	30,396	27,179	57,575
Full-Time Equivalents (FTE)	154.0	163.1	155.6	147.9	

Activity at a Glance

- Performed 70,020 tests on clinical specimens for infectious bacteria, viruses, fungi, and parasites in FY 2010 for assessment of infectious disease trends and investigation of food and water borne disease outbreaks.
- Analyzed 43,595 samples to detect chemical and bacterial contaminants in water, soil, and air in FY 2010 to assess potential threats to human health.
- Screened 69,636 newborn babies for more than 50 treatable, life-threatening congenital and heritable disorders in FY 2010.
- Accredited 145 public and private environmental laboratories to assure quality in FY 2010.

Activity Description

The Minnesota Public Health Laboratory (PHL) provides testing and data used by public health partners for detection, assessment, and control of biological, chemical, and radiological threats. In addition, the PHL screens babies born in the state for rare, life-threatening congenital and heritable disorders that are treatable if detected soon after birth. The PHL also accredits laboratories that conduct regulated environmental testing in Minnesota.

Population Served

All residents of Minnesota are served by the PHL. The PHL collaborates with local, state, and federal officials; public and private hospitals; laboratories; and other entities throughout the state to analyze environmental samples, screen newborns, provide reference testing for infectious disease agents, and analyze specimens for diagnosing rare infectious diseases (e.g., rabies).

Services Provided**Environmental Health**

- Analysis of air, water, wastewater, sludge, sediment, soil, wildlife, vegetation, and hazardous waste for chemical and bacterial contaminants in partnership with local and state government agencies.
- Accreditation of public and private environmental laboratories that conduct testing for the federal safe drinking water, clean water, resource conservation and recovery, and underground storage tank programs in Minnesota.
- Reference and confirmatory testing of environmental samples using scientific expertise and state-of-the-art methods not available in other laboratories.
- Development of analytical methods for emerging environmental health threats (e.g. perfluorochemicals, pharmaceuticals) and the human body burden of environmental chemical contamination (biomonitoring).

Infectious Disease

- Surveillance, reference and confirmatory testing of clinical specimens for infectious bacteria, parasites, fungi, and viruses, including potential pandemic influenza.
- Early detection of infectious disease outbreaks, and identification of infectious agents through the use of high-tech molecular methods such as DNA fingerprinting, amplification, and sequencing.
- Communication of laboratory data to epidemiologists and providers to inform treatment, prevention and control of infectious disease pathogens.

Newborn Screening

- Screening of all Minnesota newborns for over 50 treatable congenital and heritable disorders, including hearing loss.

Emergency Preparedness and Response

- Emergency preparedness and response in collaboration with public health and public safety officials at the local, state, and federal levels to assure early detection and rapid response to all hazards, including agents of chemical, radiological, and biological terrorism.
- Participation on Minnesota's radiochemical emergency response team, which responds in the event of a release of radioactive chemicals at Minnesota's nuclear power plants.
- Development and maintenance of the "Minnesota Laboratory System" to assure that public and private laboratories are trained for early recognition and referral of possible agents of chemical and biological terrorism, as well as other public health threats.
- Help ensure the safety of the public by hosting the federal BioWatch air-monitoring program.

- Designated by CDC as one of ten Level 1 Chemical Terrorism preparedness laboratories.
- Working with six other states to create capacity to exchange pandemic flu testing data electronically.

Historical Perspective

The Minnesota PHL was first established more than 100 years ago. This was during a time when the germ theory of infectious disease was first established and little was known about the impact of environmental contamination on the public's health. In the early 1900s, with development of more sophisticated testing methods and instruments, the PHL became the premier laboratory in Minnesota with the ability to identify environmental hazards and diagnose epidemic infectious diseases. Today, the PHL focuses on surveillance for early detection of public health threats, identification of rare chemical, radiological and biological hazards, emergency preparedness and response, and assurance of quality laboratory data through collaborative partnerships with clinical and environmental laboratories throughout the state. Construction of a new laboratory building was completed in 2005, and the PHL relocated to the new building in November 2005.

Key Activity Goals & Measures

This activity supports the MDH goals of Promote health throughout the lifespan and Prepare and respond to disasters and emergencies in the department's strategic plan.

Measures

- Improve health outcomes for Minnesota newborn babies by ensuring that all babies are screened for treatable congenital and heritable disorders and hearing loss.

Number of newborns identified with treatable heritable disorders (including hearing loss).

Historical 1993-2008	Actual (FY 2009)	Actual (FY 2010)	Estimate (FY 2011)
32-303 (range)	389	400	400

Note – 69,636 reported births in FY2010, hearing screening funded in FY2008.

Source: Minnesota Public Health Laboratory

Percent of newborns presumptively identified with hearing loss lost to follow-up.

Historical (Estimated) 1997-2009	Actual (FY 2010)	Estimate (FY 2011)
>50%	19.1%	10%

Source: Minnesota Public Health Laboratory

- Improve Minnesota laboratory preparedness for pandemic influenza by increasing the number of Minnesota laboratories providing influenza surveillance data to MDH.

Number of laboratories reporting results to MDH

Pilot Program 2006-2007	Actual (FY 2008)	Actual (FY 2009)	Actual (FY 2010)
45	90	104	116

Source: Minnesota Public Health Laboratory

- Improve Minnesota laboratory preparedness for public health threats by gaining proficiency in the analysis of chemical and biological terrorism agents.

Number of agents fully validated.

FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
32	46	47	48	51

Source: Minnesota Public Health Laboratory

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: PUBLIC HEALTH LABORATORY

Narrative

- Ensure timely identification of and response to food borne disease outbreaks by rapid DNA-fingerprinting of bacterial pathogens.
Percent of *E. coli* O157 and *Listeria monocytogenes* fingerprint results reported within 4 days of arrival at the PHL.

FY 2008	FY 2009	FY 2010
97%	*87%	Not yet available

*Electronic national database malfunction.

Source: *Minnesota Public Health Laboratory*

Activity Funding

The laboratory is funded by appropriations from the General Fund and State Government Special Revenue Fund. It also receives federal and Special Revenue Funds.

Contact

Public Health Laboratory Division

Phone: (651) 201-5200

E-mail: health.mdhlab@state.mn.us

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: PUBLIC HEALTH LABORATORY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	0	594	0	0	0
General	2,174	5,249	2,188	2,188	4,376
State Government Spec Revenue	7,382	8,359	7,791	7,791	15,582
Statutory Appropriations					
Miscellaneous Special Revenue	5,179	7,617	5,480	5,480	10,960
Federal	4,008	8,580	7,862	7,862	15,724
Federal Stimulus	29	111	82	0	82
Total	18,772	30,510	23,403	23,321	46,724
<u>Expenditures by Category</u>					
Total Compensation	9,736	12,530	12,137	12,080	24,217
Other Operating Expenses	9,036	17,980	11,305	11,280	22,585
Transfers	0	0	(39)	(39)	(78)
Total	18,772	30,510	23,403	23,321	46,724
Full-Time Equivalent (FTE)	141.2	131.3	131.3	131.3	

Activity at a Glance

- Recruited and established contracts with over 650 retail pharmacies to manage and dispense antivirals for persons with H1N1 symptoms.
- Shipped and tracked over 54,000 courses of antivirals and 3.2 million N-95 and surgical masks for use by healthcare providers.
- Deployed the Mobile Medical Unit (MMU) for its first disaster response to the Red River Valley floods in response to concerns about loss of access to the Fargo hospital.
- Reviewed and provided feedback for improvement for every local and tribal health department mass dispensing plan in preparation for H1N1 vaccination.
- Coordinated relocation of 350 residents evacuated from long-term care facilities in Moorhead to other facilities.
- Managed grants to all 53 local departments of health, 10 of 11 tribes and 8 regional hospital collaboratives that cover all MN hospitals.
- Registered nearly 8,000 volunteers in Minnesota Responds Medical Reserve Corps
- In FY10, sent 59 health alert messages to partners about time-sensitive health related information, particularly for H1N1 issues.
- Engaged local health departments, tribal governments, healthcare and other response partners in a series of 8 regional meetings to ascertain the lessons learned in H1N1 response to improve response capacity and capability for other public health emergencies.

Activity Description

The Office of Emergency Preparedness (OEP) ensures local, tribal and state public health and healthcare partners have the personnel, plans, training, communication tools, and expertise to prevent or respond to public health emergencies, pandemic influenza, infectious disease outbreaks, bioterrorism, chemical exposures, natural disasters, and other incidents. Preparation for and response to the H1N1 pandemic influenza outbreak, the 2009 Red River spring floods, and other weather-related emergencies are examples of program efforts.

Population Served

All residents of the state of Minnesota are served by this activity. Primary partners are local health departments, American Indian Tribes, the hospital and healthcare provider community, emergency management agencies, public safety, volunteer organizations, the University of Minnesota, and other response organizations.

Services Provided

- Plan, practice and implement components of the Minnesota Department of Health's (MDH) All-Hazard Response and Recovery Plan and the MDH portion of the Minnesota Emergency Operations Plan so roles and responsibilities are clear to all responders.
- Develop and practice plans for managing federal pharmaceutical and other medical supplies in the strategic national stockpile (SNS) for a public health emergency. Maintain stockpiles of state and regional medications and medical supplies.
- Identify needs and develop programs for the public health and healthcare system about preparing for and responding to emergencies.
- Manage a state/local partnership of registration and support of volunteers to be called on in an emergency

to increase public health and healthcare capacity. Examples of the widespread use of this program are the dozens of Minnesota Responds healthcare volunteers who assisted in caring for evacuated nursing home residents from the Red River Valley floods and over 13,800 hours of volunteer time in H1N1 vaccination clinics.

- Update statutes and regulations to assure needed authority for implementing emergency health measures.
- Operate the health alert network, the department's tool for timely threat communications to local public health, tribes, hospitals, and other health care providers.
- Manage and support MNTrac, a web based system to monitor health care system capacity, notify healthcare responders of emergencies, track patient transport during emergencies, and support the rapid expansion of healthcare services for emergencies.
- Coordinate the development of education and training materials and oversee a comprehensive exercise plan for building the capacity of state, local and tribal public health agencies and the healthcare system.
- Administer about \$6 million in grants to community health boards and tribes, and about \$5 million in grants to hospitals to build public health and health care preparedness.
- Administer about \$15 million in grants for H1N1 preparation and response.

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: OFFICE EMERGENCY PREPAREDNESS

Narrative

- Assure compliance with requirements of grants from the Centers for Disease Control and Prevention (CDC) and Assistant Secretary for Preparedness and Response (ASPR) of the Department of Health and Human Services.

Historical Perspective

The OEP was established in 2002, as required by the first public health preparedness and response for bioterrorism grant from the CDC. This grant is now known as the Public Health Emergency Preparedness grant and includes the Cities Readiness Initiative to distribute medications to everyone in the Twin Cities metropolitan area and Clay county as part of the Fargo-Moorhead metro area within 48 hours of a biologic agent threat. The healthcare system grant started in 2003 to expand preparedness efforts involving the department, hospitals, and other healthcare system partners such as emergency medical services and the Poison Control Center.

Key Activity Goals & Measures

This activity is directly related to the Department's Strategic goal to *Prepare for and Respond to Disasters and Emergencies*. This goal is met by efforts to ensure emergencies are rapidly identified and evaluated, resources for emergency response are readily mobilized and Minnesota's emergency planning and response protects and restores health.

Measures

- Improve the ability of state and local public health agencies and healthcare providers to readily mobilize emergency response resources by exercising health response plans at the local, regional, and statewide level.

Type of exercise	FY08	FY09	FY10
Seminar	7	16	11
Tabletop	14	22	80
Drill	11	181	99
Functional	3	66	36
Full-scale exercises	3	16	35
TOTAL	38	301	261

Definitions:

Seminar: training on the response plan (overview of pandemic influenza roles and responsibilities)

Tabletop: a discussion of planned responses to emergency scenario (pandemic influenza plans)

Drill: practice one part of a response (set up a hotline)

Functional: simulate a response activity (distribute vaccine from the state to healthcare providers)

Full Scale: demonstrate response to a situation (set up clinics and provide "services" to volunteers)

- Use the health alert network (HAN) system to deliver rapid, accurate information to public health and health care partners and track delivery and speed of response to the messages.

	FY08	FY09	FY10
Number of Health Alert Network messages	29	35	59

Activity Funding

The OEP is primarily funded by federal funds with one position on General Funds.

Contact

Office of Emergency Preparedness

Phone: (651) 201-5700

Email: OEP@state.mn.us

Web site: www.health.state.mn.us/oep

HEALTH DEPT

Program: HEALTH PROTECTION

Activity: OFFICE EMERGENCY PREPAREDNESS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	26	360	100	100	200
Statutory Appropriations					
Miscellaneous Special Revenue	603	551	548	548	1,096
Federal	30,240	33,094	25,981	24,781	50,762
Gift	0	2	2	2	4
Total	30,869	34,007	26,631	25,431	52,062
<u>Expenditures by Category</u>					
Total Compensation	4,532	6,570	5,341	5,305	10,646
Other Operating Expenses	4,349	7,093	4,643	3,479	8,122
Local Assistance	21,988	20,344	16,647	16,647	33,294
Total	30,869	34,007	26,631	25,431	52,062
Full-Time Equivalents (FTE)	53.8	53.6	54.1	53.6	

Program Description

The purpose of the Administrative Support Service Program is to provide the executive leadership and business systems underlying and supporting all of the department's public health programs.

Budget Activities

This program includes the following budget activities:

- Administrative Services
- Executive Office

HEALTH DEPT

Program: ADMINISTRATIVE SUPPORT SERVICE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	7,059	7,068	7,068	7,068	14,136
Technical Adjustments					
Approved Transfer Between Appr			541	541	1,082
Current Law Base Change			152	200	352
Operating Budget Reduction			(58)	(58)	(116)
Subtotal - Forecast Base	7,059	7,068	7,703	7,751	15,454
Governor's Recommendations					
Operating Budget Reductions		0	(25)	(25)	(50)
Total	7,059	7,068	7,678	7,726	15,404
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,675	6,137	7,678	7,726	15,404
Statutory Appropriations					
Miscellaneous Special Revenue	26,891	27,406	27,846	27,846	55,692
Federal	2,995	6,212	5,859	5,859	11,718
Gift	0	17	11	11	22
Total	35,561	39,772	41,394	41,442	82,836
<u>Expenditures by Category</u>					
Total Compensation	16,014	19,615	19,498	19,498	38,996
Other Operating Expenses	19,517	19,953	21,730	21,778	43,508
Local Assistance	30	204	204	204	408
Transfers	0	0	(38)	(38)	(76)
Total	35,561	39,772	41,394	41,442	82,836
<u>Expenditures by Activity</u>					
Administrative Services	30,545	31,455	33,443	33,491	66,934
Executive Office	5,016	8,317	7,951	7,951	15,902
Total	35,561	39,772	41,394	41,442	82,836
Full-Time Equivalents (FTE)	193.6	221.1	220.4	220.4	

Activity at a Glance

- Maintain 99.9% availability and functionality of core network infrastructure.
- Manage over \$300 million in annual outgoing grants.
- Pay 99% of all vendor invoices in 30 days or less.
- Manage building operations for 11 building locations.

Activity Description

Administrative Services provides internal business systems and central support services to all programs of the department in order to best use agency resources. This area continuously reviews the need for and quality of its services to assure they are provided in the most cost efficient manner.

Population Served

This activity serves all 1,500 employees of the department by:

- providing facilities, human resources, financial, and information technology services;
- working with the vendors who provide goods and services needed to carry out state public health programs;
- aiding and assisting grantees receiving funds through the department;
- working with landlords providing space needed to carry out programs; and
- working with job applicants seeking employment with the department.

Services Provided**Facilities Management**

- Manage building operations of all Minnesota Department of Health (MDH) office facilities including physical security, mail distribution, warehousing of materials, and parking.
- Provide administrative support in all MDH district offices across the state.

Financial Management

- Provide budget planning and development for all departmental resources.
- Manage centralized budget management, accounting, reporting, and cash management.
- Provide monitoring, financial reporting, and technical assistance required for federal grants.
- Provide centralized procurement of goods and contract services.

Human Resources

- Manage the recruitment, development, and retention of qualified staff.
- Administer all departmental labor relations, employee benefits, and health and safety activities.
- Manage employee compensation and provide payroll services for all departmental staff.
- Oversee departmental equal opportunity and affirmative action activities.

Information Systems and Technology Management

- Provide technical expertise, planning, and development of technology systems and data architectures.
- Supply high-level security for all departmental data, systems, and communications.
- Manage departmental communications networks and telecommunications systems.
- Supervise and manage MDH central networks and infrastructure connecting all employees and 11 building locations.
- Provide user support, training, and problem resolution to MDH staff.

Key Activity Goals & Measures

This activity supports to MDH goal of *Assure strong systems for health* in the department's strategic plan. This includes strong financial, human resources, information systems and technology infrastructure in order for the department's programs to be successful.

- Prompt Payment measure for last three to five years (Target 99%)

State Fiscal Year	2006	2007	2008	2009	2010
Total Paid	13,008	11,710	11,662	11,690	11,720
Paid on Time	12,868	11,581	11,642	11,650	11,598
% paid on time	98%	99%	99%	99%	99%

HEALTH DEPT

Program: ADMINISTRATIVE SUPPORT SERVICE

Activity: ADMINISTRATIVE SERVICES

Narrative

- User Support Help Desk Tickets resolved remotely. Remote resolution of tickets is a measure of effectiveness as they are generally less expensive and more quickly resolved.

State Fiscal Year	2009	2010	Target (2011)
% help desk tickets resolved remotely	30%	42%	50%

- IS&TM Measure: Percentage of all ISTM Help Desk Tickets resolved on time.

State Fiscal Year	2009	2010	Target (2011)
% help desk tickets resolved on time	87%	90%	91%

Activity Funding

This activity is funded primarily from Special Revenue Funds through indirect costs and from appropriations from the General Fund.

Contact

Deputy Commissioner

Phone: (651) 201-4872

<http://www.health.state.mn.us/>

HEALTH DEPT

Program: ADMINISTRATIVE SUPPORT SERVICE

Activity: ADMINISTRATIVE SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,648	6,137	7,678	7,726	15,404
Statutory Appropriations					
Miscellaneous Special Revenue	23,905	23,930	24,448	24,448	48,896
Federal	992	1,387	1,316	1,316	2,632
Gift	0	1	1	1	2
Total	30,545	31,455	33,443	33,491	66,934
<u>Expenditures by Category</u>					
Total Compensation	12,447	14,075	14,005	14,005	28,010
Other Operating Expenses	18,098	17,380	19,476	19,524	39,000
Transfers	0	0	(38)	(38)	(76)
Total	30,545	31,455	33,443	33,491	66,934
Full-Time Equivalents (FTE)	153.6	164.1	164.6	164.6	

Activity at a Glance

- Conduct strategic leadership and planning for the department.
- Coordinate government relations and policy development.
- Coordinate internal and external communications and public awareness.

Activity Description

The Executive Office provides the vision and strategic leadership for creating effective public health policy for the state of Minnesota. It also oversees the management of the entire agency, including administrative functions and oversight of the department's seven program divisions and three offices. It carries out its mission in partnership with a wide range of external organizations that help to promote and protect the health of all Minnesotans.

Several key functions take place through the commissioner's office, including planning, policy development, government relations, communications, and legal services.

Population Served

The department's 1,500 employees work to protect and promote the health of all Minnesotans. The department carries out its mission in close partnership with local public health departments, other state agencies, elected officials, health care and community organizations, and public health officials at the federal, state, and local levels.

Services Provided**Commissioner's Office**

- The commissioner's office develops and implements department policies and provides leadership to the state in developing public health priorities.
- The commissioner's office directs the annual development of a set of public health strategies to provide guidance for agency activities and to more effectively engage the department's public health partners.
- The commissioner's office also directs the strategic planning and implementation of department-wide initiatives.

Government Relations

- Government relations are responsible for leading and coordinating state legislative activities and monitoring federal legislative activities to advance the departments' priorities and mission.
- Throughout the legislative session and during the interim, government relations is a contact for the public, other departments, legislators, and legislative staff.
- This activity works closely with the governor's office, department divisions, legislators, legislative staff, and other state agencies to communicate the department's strategies and priorities.

Communications

- The communications office is responsible for leading and coordinating communications on statewide public health issues and programs. This includes coordinating public awareness activities and community outreach and managing more than 30,000 pages of information on the department's website. The MDH website is visited more than three million times per year.
- The office works closely with the news media, ensuring that accurate and timely information on a wide range of public health topics is shared with the general public.

Legal Services

- The MDH Legal Unit serves the Commissioner in a general counsel capacity, while providing overall direction to and oversight of legal services provided to MDH by in-house counsel and the attorney general's office.
- While the Legal Unit will respond to any legal need, its primary focus is in the areas of emergency preparedness, rulemaking, data practices and privacy, contracts, delegations of authority, and HIPAA.
- The Legal Unit also acts as a liaison with the AG's Office for MDH litigation and other legal services requested by MDH.

Key Activity Goals & Measures

This activity supports MDH's goal of *Assure strong systems for health* in the department's strategic plan. This includes strong leadership and strategic planning, communications, legal services and government relations infrastructure in order for the department's programs to be successful.

- Number of news releases

Calendar Year	2005	2006	2007	2008	2009
Number completed	72	86	85	78	95

- Fiscal notes completed

State Fiscal Year	2006	2007	2008	2009	2010
Number completed	44	95	75	113	72
Average days to complete	5.9	10.4	4.2	7.9	4.2
% completed on time	67%	47%	77%	90%	78%

Activity Funding

The office is funded from special revenue funds.

Contact

Deputy Commissioner

Phone: (651) 201-4872

<http://www.health.state.mn.us/>

HEALTH DEPT

Program: ADMINISTRATIVE SUPPORT SERVICE

Activity: EXECUTIVE OFFICE

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<i>Dollars in Thousands</i>					
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	27	0	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	2,986	3,476	3,398	3,398	6,796
Federal	2,003	4,825	4,543	4,543	9,086
Gift	0	16	10	10	20
Total	5,016	8,317	7,951	7,951	15,902
<u>Expenditures by Category</u>					
Total Compensation	3,567	5,540	5,493	5,493	10,986
Other Operating Expenses	1,419	2,573	2,254	2,254	4,508
Local Assistance	30	204	204	204	408
Total	5,016	8,317	7,951	7,951	15,902
Full-Time Equivalents (FTE)	40.0	57.0	55.8	55.8	

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Program: Community and Family Health Promotion							
Women, Infants and Children (WIC): Provides nutrition education and healthy foods to low-income pregnant women and young children.		No	No	122,798	134,237	134,237	134,237
Temporary Assistance for Needy Families (TANF): Promotes family health and self-sufficiency through family home visiting programs.		No	No	10,826	12,640	11,733	11,733
Maternal and Child Health Block Grant: Supports public health services to low-income, high-risk mothers and children, including children with special health needs.		Yes	Yes	8,786	9,073	9,073	9,073
Cancer Prevention & Control Programs: Supports 1) comprehensive cancer planning & implementation, 2) breast and cervical cancer screening, and 3) a statewide population-based cancer registry.		Yes	Yes	5,918	7,119	6,201	6,551
American Recovery Reinvestment Act Community Mentoring: Provide technical assistance to other CPPW/ARRA funded communities interested in expanding the breadth and depth of their local or state level efforts to reduce obesity and improve nutrition.		No	No	0	1,608	2,314	2,000
Preventive Health and Health Services Block Grant: Federal funding used to reduce preventable disease; address emerging public health issues; and augment core activities for which other resources are unavailable or inadequate.		No	Yes	2,655	2,793	2,793	2,793
Early Childhood Home Visiting: (Evidenced Based Home Visiting II) -An evidence-based home visiting program targeting high-risk communities.		No	Yes	0	1,701	2,268	2,268
Young Student Parents: Supports pregnant and parenting women and men (under age 26) to accomplish their higher education/post secondary education goals.		No	No	0	2,000	2,000	2,000

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Planning for Personal Responsibility and Education: Supports the replication of evidence-based program models that have been proven through rigorous evaluation to be effective in preventing teenage pregnancy. Minnesota will target funding to populations experiencing the greatest disparities in teen births and sexually transmitted infections.	X	No	No	0	0	868	868
Infrastructure - Primary Care Transformation: Supports statewide implementation of the Health Care Home model focusing on building capacity in clinics, especially federally qualified health centers or rural critical access hospital clinics and independent clinics.	X	No	No	0	0	375	500
Universal Newborn Screening and Hearing Program: Supports efforts to detect hearing impairments in infants and reduce or eliminate negative impacts through early intervention.		No	No	222	411	411	411
American Recovery Reinvestment Act Communities Putting Prevention to Work - Category A: Plan and implement evidence-based policy, systems, and environmental changes that support healthy behaviors.		No	No	34	3,365	2,523	0
American Recovery Reinvestment Act Women Infants and Children (SAM) Transfer Project: Supports WIC data system development.		No	No	464	2,935	2,471	0
CDC - Tobacco Control Program: Funding continues programmatic efforts to reduce morbidity and its related risk factors and to reduce premature death associated with tobacco use. It also continues surveillance efforts to measure the public health impact of these programs.		Yes	Yes	982	1,200	1,200	1,200
Environmental Public Health Tracking: Supports a tracking system to integrate data about environmental hazards with data about diseases that are possibly linked to the environment.		No	No	548	875	1,034	1,034
Commodity Supplemental Food Program (CSFP): Provides nutrition information and supplemental foods to elderly and age 5 children.		No	No	978	1,006	1,006	1,006
WISEWOMAN: Supports services to low-income women to prevent cardiovascular disease.		Yes	Yes	750	977	977	977

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Oral Health Workforce: Supports statewide activities to train and recruit oral health workforce and expand community-based prevention programs.		Yes	Yes	60	971	971	971
Comprehensive Diabetes: Supports statewide activities to prevent diabetes and reduce the complications, disabilities, and burden associated with diabetes.		Yes	Yes	934	913	913	913
Colorectal Cancer: Supports promotion and provision of colorectal cancer screening.		No	No	256	1,412	900	900
Heart Disease and Stroke Prevention: Supports statewide activities to address heart disease, stroke, and related risk factors.		No	No	529	720	720	720
Minnesota Nutrition, Physical Activity and Obesity Program: promote healthy eating, active living and prevent obesity and chronic disease.		Yes	Yes	625	646	646	646
Sexual Violence Prevention: Supports statewide prevention and education programs that address sexual violence.		No	No	713	600	620	620
WIC Breastfeeding Peer Counsel: Promotes and supports breastfeeding among WIC recipients.		No	No	264	603	603	603
Addressing Asthma: Supports statewide activities to train health professionals, educate individuals with asthma and their families, and explain asthma to the public.		No	No	629	780	600	600
American Recovery Reinvestment Act Communities Putting Prevention to Work – Component 2, Great Trays. Increase schools' access to more nutritious foods through a buying group and provide hands-on learning opportunities for school nutrition staff to plan, purchase, and promote healthy school meals.		No	No	20	1,196	1,176	0
Stroke Registry: Supports a hospital-based stroke registry that is used to improve care for stroke patients.		No	No	558	564	564	564
Mammography Behavior Change: Will support research to determine the efficacy of using social networks to increase mammography in hard-to-reach populations.		No	No	0	434	507	537

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Minnesota Arthritis Program: Supports statewide activities to promote self-management education and physical activity to improve the quality of life for those affected by arthritis.		No	No	398	508	508	508
Teen Dating Violence Prevention: Supports statewide activities to prevent violence within a dating relationship.		No	No	81	389	389	389
Injury Prevention and Control Program: Supports comprehensive injury prevention and control activities, with a focus on traumatic brain injury.		No	No	403	300	300	300
Abstinence Education: Reduce the teen pregnancy and sexually transmitted infections rates among 15-17 year olds.		Yes	No	0	291	291	291
Community Based Systems for Children with Special Health Care Needs: Needs (Part B and Part C): Supports early identification and intervention services for young children.		No	Yes	290	280	280	280
Oral Health Program: Supports the development of state-level infrastructure to improve oral health in the state.		No	No	312	440	270	270
American Recovery Reinvestment Act Communities Putting Prevention to Work - Component 1: Promote safe routes to walk to school, farm to school food systems and parity in tobacco pricing.		No	Yes	23	411	388	0
Minnesota Birth Defects Information System: Supports surveillance of birth defects in Minnesota.		No	No	53	190	190	190
American Recovery Reinvestment Act Communities Putting Prevention to Work - Component 3, Cessation & Quitline.		No	No	36	391	355	0
Comprehensive Cancer Control Policy: Will support policy, systems, and environmental changes for cancer control.		No	No	0	175	175	175
Pregnancy Risk Assessment Monitoring System (PRAMS): monitors maternal experiences and behaviors just before, during and after pregnancy.		No	No	155	150	150	150
Child Maltreatment Prevention: (Evidenced-Based Home Visiting I): Evidence-based home visiting program to prevent child maltreatment.		Yes	No	184	520	150	150

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Asthma Environmental Triggers: Will support activities to reduce or eliminate environmental triggers of asthma for children who reside in public and assisted multi-family housing.		No	No	0	353	226	21
Program: Policy Quality and Compliance							
Medicare: Survey and Certification. This activity certifies health care facilities and performs surveys and investigations of those facilities.		Yes	No	6,827	6,900	6,800	6,900
American Recovery Reinvestment Act Health Information Technology, E-health Connect Project (HITECH): Develop and implement strategic and operational plans for health information exchange, including the development of technical infrastructure to enable secure, electronic movement of health information among Minnesota health care stakeholders.		Yes	Yes	78	3,322	3,400	1,411
OMH-Eliminating Health Disparities: To improve data collection and analysis of race/ethnicity data, support activities to prevent infant mortality, and strengthen community connections to eliminate health disparities.		No	No	0	174	210	36
Small Rural Hospital Improvement Program: Supports small hospital Health Insurance Portability and Accountability Act (HIPAA) compliance, patient safety, quality improvement, and Prospective Payment System (PPS) costs.		No	No	756	764	764	764
Rural Hospital Flexibility Program: Strengthen Critical Access Hospitals and rural health systems; improve quality, safety and access.		No	No	653	730	730	730
Behavioral Risk Factor Surveillance: Enhancement of the quality of data collected through the BRFSS survey.		Yes	Yes	252	313	313	313
Medical Assistance Health Plan: This activity examines MN-licensed HMOs to ensure compliance with MN and applicable federal law and gathers information on performance of DHS-contracted managed care plans.		No	No	191	217	217	217
Primary Care Cooperative Agreement: The grant funds will target site development for clinics interested in participating in National Health Service Corps programs.		No	No	185	190	190	190

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Office of Rural Health: This grant provides information and assistance to rural health care provider so that health services are available where needed, and to recruit and retain health professionals.		Yes	Yes	167	180	180	180
OMH Partnership Grant: To improve data collection and analysis of race/ethnicity data, support activities to prevent infant mortality, and strengthen community connections to eliminate health disparities.		No	No	193	162	162	162
American Recovery Reinvestment Act Ambulatory Surgical Centers (ASC-HAI): To implement a new survey process and increase the frequency of inspections of Ambulatory Surgical Centers.		No	No	0	118	118	118
Program: Health Protection							
Public Health Emergency Preparedness: Supports state, local and tribal public health preparedness and response to emergencies that affect the public's health.		Yes	Yes	11,025	12,452	11,388	11,388
Emerging Infections Program: Minnesota is one of 10 states serving as a sentinel site for emerging infectious disease surveillance. Supports state operations for specialized studies of emerging infections.		No	No	3,187	7,561	7,615	7,015
Healthcare System Preparedness: Supports healthcare systems' and providers' readiness to respond to emergencies that require health care, including rapidly treating large numbers of patients.		Yes	Yes	6,278	6,702	6,702	6,702
Immunization: Supports promotion of immunizations across the lifespan thru state operations, vaccine-preventable disease surveillance, immunization information systems, implementation of the federal Vaccines for Children program, and grants to Community Health Boards (CHBs).		No	No	4,731	5,492	5,492	5,492
AIDS/HIV Prevention: Supports AIDS/HIV prevention activities including state operations and grants to community-based organizations (CBOs).		No	No	3,329	3,374	3,216	3,216
Safe Drinking Water Program: This program supports protecting public health by ensuring a safe drinking water supply.		Yes	Yes	2,328	2,328	2,328	2,328

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Expanding Laboratory & Epidemiology Capacity (ELC): Supports public health infectious disease infrastructure for surveillance, laboratory capacity and IT capacity. Categorical funds for West Nile, Lyme, influenza and electronic disease reporting.		No	No	1,498	2,352	2,445	2,164
Pandemic Influenza: Support for healthcare preparedness and response for H1N1 outbreak in 2009-2010.		No	No	525	1,527	1,527	1,527
Prevention of Sexually Transmitted Diseases: Supports prevention and control of STDs including state operations for partner services and Chlamydia and gonorrhea testing and treatment.		No	No	1,022	1,175	1,175	1,175
Tuberculosis Cooperative Agreement: Supports TB prevention and control activities including state operations and grants to CHBs.		No	No	994	1,115	1,115	1,115
Drinking Water Revolving Fund: This program supports protecting public health by providing low interest loans for public water system improvements.		Yes	Yes	3,236	1,100	1,100	1,100
Biomonitoring of Great Lakes: Work with the Fond du Lac tribe to determine the potential for tribal members in the Lake Superior Basin to be exposed to various contaminants.		No	No	0	547	1,440	436
Childhood Lead Poisoning: Statewide data collection and analysis, education and technical assistance on lead exposure.		Yes	Yes	552	528	528	528
H1N1 Public Health Emergency Response (PHER): One-time award of funds to support H1N1 preparedness and response to the pandemic for state, local, tribal and healthcare systems.		No	No	17,185	9,306	1,000	0
American Recovery Reinvestment Act Interoperability of Electronic Health Records (EHR) and Immunization Information Systems (IIS): Supports state operations to enhance and standardize the exchange of immunization data from EHR systems to the state IIS.		No	No	0	518	690	173

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
New Refugee Disease Surveillance: Supports activities to reduce infectious diseases among newly arrived refugees, including education, disease tracking and state operations.		No	No	277	420	420	420
HIV/AIDS Surveillance: Supports state operations for disease surveillance and outbreak control activities.		No	No	351	505	387	387
Cooperative State Assessment: Supports efforts to monitor progress toward achieving measurable national, state, and community health objectives through the formation of working partnerships between the state health department and other public and private partner organizations and groups.		No	No	0	350	350	350
American Recovery Reinvestment Act Reaching More Children and Adults: Supports state operations to enhance immunization levels among adolescents and adults, includes grants to CHBs.		No	No	312	1,602	700	0
Agency for Toxic Substance and Disease Registry (ATSDR): To prevent or reduce exposures to hazardous sites and toxic substances through assessment, investigation and education.		No	No	406	345	345	345
Healthy Homes Production Program: Aims to reduce environmental/physical hazards in the home and data collection.	X	No	No	0	220	325	325
EPA Indoor Radon Grant: Provides education and technical assistance on reducing radon exposure primarily in residences.		Yes	Yes	310	850	320	320
State Fish Advisory Consortium: Work with eight states on evaluating fish consumption advisories and improve the deliver of information to the public.		No	No	0	569	569	0
Clinical Lab Improvement Act Program (CLIA): Continuous improvement in laboratory testing quality and service delivery.		No	No	277	280	280	280
Climate Change: To protect, maintain and improve public health through preparation and adaptation to climate change.		No	No	0	238	250	250

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
American Recovery Reinvestment Act Emerging Infections Program Vaccines PCV-13: Supports a special study to evaluate the effectiveness of the new 13-valent pneumococcal vaccine.		No	No	74	560	486	0
EPA Lead Cooperative Agreement: Provides education and compliance assistance to the public and businesses that impact lead in residences.		No	No	317	240	240	240
Refugee Health Services: Supports state operations and grants to CHBs to ensure refugees receive a medical screening and healthy start as they resettle.		No	No	190	191	191	191
American Recovery Reinvestment Act Emerging Infections Program, Healthcare Associated Infections (HAI): Supports state operations for activities designed to monitor and reduce hospitals associated infections.		No	No	72	405	333	0
Minnesota Integrated Newborn Screening, Eliminating Health Disparities Initiative, Tracking and Surveillance System.		No	No	152	152	152	152
American Recovery Reinvestment Act Emerging Infections Program: Supports state operations related surveillance and laboratory activities related to infectious disease.		No	No	47	606	255	0
Postal Plan Exercise: Helps metropolitan areas augment their capabilities to respond to large-scale bioterrorism attack. Develop and test collaborative arrangements whereby the United States Postal Service and local law enforcement agencies deliver antibiotic drugs to residences in the at-risk area.	X	No	No	0	0	200	0
Program: Administrative Support Services							
Public Health Infrastructure Initiative: Builds/implements performance management capacity and systems; reengineers systems to use resources more efficiently; improves networking, coordination, standardization, and cross-jurisdictional cooperation in the delivery of public health services.		No	No	0	3,000	3,000	3,000

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Program: Community and Family Health Promotion				
Budget Activity: Community and Family Health				
Fetal Alcohol Spectrum Disorders Grant (State) M.S. 145.9265	Provide prevention and intervention services related to fetal alcohol spectrum disorder.	Statewide non-profit organization (1 grantee)	\$1,660	\$1,660
Local Public Health Grants (State) M.S. 145A.131	Develops and maintains an integrated system of community health services under local administration and within a system of state guidelines and standards.	Community Health Boards (54 grantees)	\$20,771	\$15,578
Local Public Health Grants for Tribal Governments (State)	Develops and maintains an integrated system of American Indian tribal health services under tribal administration and within a system of state guidelines and standards.	American Indian Tribal Governments	\$1,060	\$1,060
Maternal and Child Health Block Grant (Federal) Title V, SSA and M.S. 145.88 – 145.883	Supports public health services to low-income, high-risk mothers and children.	Community Health Boards (53 grantees); Children's Hospital and Clinic (1 grantee SIDS)	\$5,551	\$5,975
Family Home Visiting Program (Federal) M.S. 145A.17	Promote family health and self sufficiency.	Community Health Boards (54 grantees)	\$7,372	\$8,319
Family Planning Special Projects (Both) M.S. 145.925	Provide pre-pregnancy family planning services to high risk low income individuals.	Government and non-profit organizations (33 grantees)	\$4,862	\$4,862
Family Planning Grants Greater Minnesota (State) M.S. 145.925	Support family planning clinics serving out state Minnesota that are experiencing financial need.	Government and non-profit organizations serving out state Minnesota (15 grantees)	\$491	\$491
Positive Alternative Grants (State) M.S. 145.4235	Provide support encouragement, and assistance to pregnant women and caring for their babies after birth.	Non-profit organizations that have had a program in existence for at least one year as of 7/1/2005 (30 grantees)	\$2,357	\$2,357
Early Childhood Home Visiting (Evidence-based Home Visiting II) (Federal) Public Law 111-148 ACA 2951	Implement an evidence-based home visiting program targeting high-risk communities.	Community Health Boards and Tribal Governments	\$0	\$200
Child Maltreatment Prevention (Evidence-based Home Visiting I) (Federal)	Implement an evidence-based home visiting program to prevent child maltreatment.	Community Health Boards and Tribal Governments	\$16	\$155

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Young Student Parents (Federal) Public Law 111-148	Support pregnant and parenting young women and men (under age 26) to accomplish their higher education/post secondary education goals.	Minnesota Institutions of Higher Education/Post Secondary Education	\$0	\$1,605
MN Children with Special Health Needs Clinics (State)	Provide specialty diagnostic services in underserved regions of the state.	Government and non-profit organizations (1 grantees)	\$234	\$160
Suicide Prevention (State) M.S. 145.56	Grants for Suicide prevention activities.	Government and non-profit organizations (3 grantees)	\$98	\$98
Hearing Aid Loan Bank (State)	Support statewide hearing aid and instrument loan bank to families with children newly diagnosed with hearing loss from birth to the age of ten.	Government and non-profit organizations (1 grantee)	\$69	\$69
Families with Deaf Children (State)	Parent to parent support for families with young children who are deaf or have a hearing loss.	Non-profit organizations (1 grantee)	\$0	\$223
Universal Newborn Hearing/Screening (Federal) Title III, Sec. 399M of Public Health Services Act	Support for local public health agencies to reduce the number of infants lost to follow-up after a failed newborn hearing screening.	Community Health Boards and Tribal Governments	\$36	\$60
Commodity Supplemental Food Program (CSFP) Agriculture Appropriation Act	Provide nutrition information and supplemental foods to elderly and age 5 children.	Government and non-profit organizations (4 grantees)	\$891	\$909
WIC (Federal)	Provides nutrition education and healthy foods to low-income pregnant women and young children.	Community Health Boards, non-profit organizations and tribal governments (57 grantees)	\$114,903	\$125,206
WIC Breastfeeding Peer Counsel (Federal)	Promote and support breastfeeding among WIC recipients.	Community Health Boards, non-profit organizations and tribal governments who provide WIC services (4 grantees)	\$208	\$572
Program: Community and Family Health Promotion				
Budget Activity: Health Promotion and Chronic Disease				
Minnesota Poison Control System (Both) M.S. 145.93	Identify appropriate home management or referral of cases of human poisoning; provide statewide information and education services.	Government, non-profit and for-profit organizations; competitive (1 grantee)	\$1,279	\$1,129
Arthritis Program (Federal) M.S. 144.05	Promote self-management education and physical activities to improve the quality of life for those affected by arthritis.	Non-government organizations and health care providers; noncompetitive	\$52	\$0

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Comprehensive Cancer (Federal) M.S. 144.05	Support development and implementation of the comprehensive cancer plan.	Cancer centers; non-profit organizations; noncompetitive	\$70	\$106
Prostate Cancer (Federal) M.S. 144.05	Support prostate cancer screening education among high risk populations.	Non-profit cancer organization; noncompetitive	\$128	\$180
Colorectal Cancer (Federal) M.S. 144.05	Promote and provide colorectal cancer screening.	Private and community clinics, other health care providers and Community Health Boards; noncompetitive	\$15	\$703
Sage Screening Program (Both) M.S. 144.671 and M.S. 145.928	Provide breast and cervical cancer screening, diagnostic and follow-up services. Recruitment/outreach activities to increase and provide breast and cervical cancer screening.	Private and community clinics, other health care providers and Community Health Boards; noncompetitive	\$3,406	\$3,657
Comprehensive Cancer Control Policy (Federal) M.S. 144.05	Support policy, systems, and environmental changes for cancer control.	Cancer centers; non-profit organizations; noncompetitive	\$0	\$35
Mammography Behavior Change (Federal) M.S. 144.05	Support the use of social networks to increase mammography in hard-to-reach populations.	Private and community clinics, other health care providers and Community Health Boards; noncompetitive	\$0	\$264
WISEWOMAN Screening (Federal) M.S. 144.05	Heart disease risk factor screening and lifestyle counseling for age-eligible Sage Screening Program clients.	Private and community clinics, other health care providers and Community Health Board; noncompetitive	\$280	\$439
Rape Prevention and Education (Federal) M.S. 144.05	Build primary prevention capacity of Minnesota's sexual assault coalition.	Non-profit, statewide sexual assault coalition; noncompetitive (1 grantee)	\$320	\$180
Heart Disease and Stroke Prevention (Federal) M.S. 144.05	Support activities that reduce the risk and burden of heart disease and stroke.	Local public health, non-profit organizations, health care providers; noncompetitive	\$105	\$203
Sexual Assault Prevention (Federal)	Prevent sexual assault, provide services to victims of sexual assault, and provide public education regarding sexual assault.	Interagency agreement; 1 noncompetitive grantee with competitive sub-grants to government organizations, schools, non-profit organizations	\$23	\$108
Teen Dating Violence Prevention (Federal) M.S. 144.05	Identify and share successful teen dating violence prevention programs, build statewide capacity.	Non-profit organizations; noncompetitive	\$18	\$194
Stroke Registry (Federal) M.S. 144.05	Support Minnesota hospitals to improve the quality of care to stroke patients by developing and using the stroke registry.	Minnesota hospitals; noncompetitive	\$52	\$68

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Addressing Asthma (Federal) M.S. 144.05	Implement strategies that support the "Strategic Plan for Addressing Asthma in Minnesota."	Local public health and non-profit and for-profit organizations; noncompetitive	\$57	\$34
Hennepin County Cancer Registry (State) Laws of Minnesota 2009, Chapter 79, Art. 10, Sec. 46	Collect occupational, residential, and military service history data from newly diagnosed cancer patients.	Hennepin County Medical Center's Cancer Center; specified in session law	\$100	\$0
Particulate Matter Reductions (Federal) M.S. 144.05	Provide data and consultation regarding clinical visits for asthma.	Health care provider; noncompetitive (1 grantee)	\$7	\$0
Asthma Environmental Triggers (Federal) M.S. 144.05	Reduce or eliminate environmental triggers of asthma for children who reside in public and assisted multi-family housing.	Local public health, tribal governments; noncompetitive	\$0	\$205
Program: Community Family Health Promotion				
Budget Activity: Office of Statewide Health Improvement Initiatives				
Statewide Health Improvement Program (State)	Increase healthy behaviors and prevent the leading causes of illness and death. Tobacco & obesity. Improve the health of Minnesotans by reducing the burden of chronic disease through evidence based policy, systems, and environmental change strategies.	Community Health Boards. Tribes	\$19,587	\$26,280
MN Nutrition Physical Activity & Obesity (Federal)	Promoting obesity prevention efforts outlined in the state Obesity Plan.	Local public health and non-profit organizations	\$76	\$76
Steps to a Healthier US	To reduce the burden of diabetes, obesity and asthma by addressing the risk factors of tobacco use and exposure, poor nutrition and physical activity.	State coordinated with large cities, urban areas, small cities, and rural communities.	\$288	\$0
American Recovery Reinvestment Act Communities Putting Prevention to Work (Federal)	Plan and implement evidence-based policy, systems, and environmental changes that support healthy behaviors related to obesity, physical activity, and nutrition.	Community Health Boards	\$0	\$2,754
Tobacco Use Prevention (State) M.S. 144.395-396	Grant program to reduce youth tobacco use and secondhand smoke exposure by creating tobacco-free environments.	Government, non-profit, and for-profit entities; competitive	\$3,221	\$3,221

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
American Recovery Reinvestment Act Reduce Tobacco Consumption (Federal)	Research the current revenue status from other tobacco products, as well as the impact of achieving price parity for other tobacco products. - Draft a white paper on what is learned. - Draft legislation. - Draft talking points and supporting materials. -Conduct statewide meetings/training to educate policy and decision-makers.	The Grantee has specialized knowledge of Minnesota Law related to all aspects of tobacco control in the State. They are the only organization in the state that is positioned to effectively research this issue and draft the white paper.	\$0	\$150
American Recovery Reinvestment Act of 2009 Cessation & Quitlines (Federal)	- Expand and enhance proactive counseling. - Collect and report all quitline data required by CDC. -Expand media campaign to motivate smokers to quit and access quitline.	The Grantee manages the Minnesota Quitline. They are the only organization in the state that is positioned to collect and report all quitline data required by CDC.	\$10	\$237
Program: Community Family Health Promotion Budget Activity: Office of Minority & Multicultural Health				
Eliminating Health Disparities Initiative Grants (Both)	Improves the health of the four minority racial/ethnic groups in MN (American Indians, Asian Americans, African Americans, Latinos/Hispanics). Grants focus on 7 health priorities.	Eligible applicants are local/county public health agencies, community based organizations, faith-based, and tribal governments.	\$3,526	\$5,257
Program: Policy Quality and Compliance Budget Activity: Health Policy				
Medical Education and Research Cost Trust Fund (Both) <i>M.S. 256B.69; M.S. 297F.10; M.S. 62J.692</i>	The MERC trust fund was established to address the increasing financial difficulties of Minnesota's medical education organizations.	Eligible applicants are accredited medical education teaching institutions, consortia, and programs operating in Minnesota (22 sponsoring institutions pass through grants to several hundred training sites).	\$85,571	\$83,141
OMH Partnership Grant	To improve data collection and analysis of race/ethnicity data, support activities to prevent infant mortality, and strengthen community connections to eliminate health disparities.	Nonprofit working with youth at community organizations (1 Grant)	\$38	\$20

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
OMH-Eliminating Health Disparities (Federal)	To improve data collection and analysis of race/ethnicity data, support activities to prevent infant mortality, and strengthen community connections to eliminate health disparities.	Nonprofit working with youth at community organizations (1 Grant)	\$0	\$48
Dental Innovations Grants (Both) M.S. 62J.692	To promote innovative clinical training for dental professionals and programs that increase access to dental care for underserved populations.	Eligible applicants are sponsoring institutions, training sites, or consortia that provide clinical education to dental professionals	\$1,983	\$2,657
Indian Health Grants (State) M.S. 145A.14, Subd. 2	Provides health service assistance to Native Americans who reside off reservations.	Community Health Boards (5 grantees)	\$164	\$174
Migrant Grants (State) M.S. 145A.14, Subd. 1	Subsidizes health services, including mobile, to migrant workers and their families.	Cities, counties, groups of cities or counties, or non-profit corporations (1 grantee)	\$102	\$102
Rural Hospital Capital Improvement Grant Program (State) M.S. 256B.195	Update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of small rural hospitals.	Rural hospitals with 50 or fewer beds (21 grantees)	\$0	\$1,755
Small Hospital Improvement Program (Federal)	Supports small hospital Health Insurance Portability and Accountability Act (HIPAA) compliance, patient safety, quality improvement, and Prospective Payment System (PPS) costs.	Rural hospitals of 50 or fewer beds (82 grantees)	\$749	\$757
Community Clinic Grant Program (State) M.S. 145.9268	Assist clinics to serve low-income populations, reduce uncompensated care burdens or improve care delivery infrastructure.	Nonprofit community clinics (14 grantees)	\$561	\$561
Donated Dental Services (State) M.S. 150A.22	To provide dental care to low-income or uninsured recipients.	Non-profit organization (1 grantee)	\$63	\$63
Rural Hospital Planning & Transition Grant (State) M.S. 144.147	Assist with strategic planning; transition projects.	Rural hospitals with 50 or fewer beds (15 grantees)	\$300	\$300
Summer Health Care Internships (State) M.S. 144.1464	Summer internship program for high school and college students.	Statewide non-profit organization representing health facilities (1 grantee/multiple sub-grantees)	\$300	\$300
Health and Long Term Care Career Promotion Grant Program (State) M.S. 144.1499	Develop or implement health and long term care career curriculum for K-12.	Consortia of K-12 districts, post-secondary schools and health/long term care employers	\$142	\$147

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Loan Forgiveness Program (State) M.S. 144.1501	Health education loan forgiveness for physicians, nurses, nurse practitioners, and physician assistants, in rural and urban underserved areas.	Average number of grantees—Faculty (22), Dentist (9), Pharmacist (13) Nurses practicing in nursing homes (7) Midlevel (4); (38 new and 13 continuing participants)	\$741	\$1,031
National Health Service Corp (Both) M.S. 144.1487	Health education loan forgiveness for physicians in rural and urban underserved areas.	Physicians (4 grantees per year)	\$328	\$200
Nurses Loan Forgiveness (State)M.S. 144.1501	Health education loan forgiveness for nurses, allied health faculty, nurse faculty.	Nurses (17 new and 1 continuing)	\$167	\$382
Physicians Loan Forgiveness (State) M.S. 144.1501	Health education loan forgiveness for physicians in rural and urban underserved areas.	Physicians (7 new and 1 continuing)	\$163	\$247
Rural Hospital Flexibility (Federal)	Strengthen Critical Access Hospitals and rural health systems; improve quality, safety and access.	Critical Access Hospitals, ambulance services, other rural providers (20 Grantees)	\$403	\$432
Federally Qualified Health Center (State) M.S. 145.9269	Support Minnesota FQHCs to continue, expand and improve services to populations with low incomes.	HRSA designated FQHCs and FQHC Look Alikes operating in Minnesota	\$2,500	\$2,500
Health Care Demonstration Project (State)	Community-based health care coverage program demonstration.	Health Share, Inc., Duluth	\$200	\$0
Advanced Life Support System (State) M.S. 144.6062	Training rural medical personnel, including physicians, physician assistants, nurses and allied health care providers, to anticipate, recognize and treat life threatening emergencies before serious injury or cardiac arrest occurs.	Nonprofit Organization	\$0	\$377
American Recovery Reinvestment Act State Loan Repayment Program (Federal)	Increase access to primary care by providing educational loan repayment for health care providers willing to practice in rural and underserved communities.	Nurse Practitioner (4), Physician Assistant (2), Dentist (1), LICSW (1), and Family Practice Physician (1)	\$148	\$0

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Program: Health Protection				
Budget Activity: Environmental Health				
Drinking Water Technical Assistance (Federal) <i>M.S. 144.383</i>	Provides technical assistance to owners and operators of public water systems.	Minnesota Rural Water Association	\$390	\$10
Drinking Water (State)	Bridges federal funding for the Drinking Water Technical Assistance funds.	Minnesota Rural Water Association	\$10	\$476
Constitutional Amendment (State) <i>Minnesota Constitution, Article XI, section 15</i>	Strengthens drinking water source water protection by 1) determine physical and chemical characteristics of the untreated water that is used by public water suppliers; 2) accelerate development and implementation of wellhead or surface water protection plans for public water suppliers; 3) provide technical assistance to the public and local governments to protect their drinking water; and 4) improve access to drinking water data.	Local units of government	\$4	\$890
Counter Terrorism Coordination (Federal)	Provides support for implementation of security measures for public water systems	Providers of technical assistance to public water systems such as universities and non-profit organizations	\$5	\$0
Wellhead Protection (Federal)	Provide technical assistance to small public water systems to initiate their wellhead protection plan.	Minnesota Rural Water Association	\$132	\$0
Lead Base Program Grants (State) <i>M.S. 119A.46</i>	For lead training to workers and property owners, and to provide lead cleaning services in housing for residential properties.	Eligible applicants include: qualified lead professionals; cities; local public health agencies; community action groups	\$479	\$479
Federal Environmental Protection Agency States Indoor Radon Grant (SIRG) (Federal)	For public education and targeted outreach on radon testing, mitigation, and radon resistant new construction.	Competitive grant process available to local public health agencies and non-profit organizations	\$29	\$386
Small Cities Lead Hazard Reduction (Federal)	For lead hazard reduction in child-occupied residential units.	Eligible applicants including: local housing agencies and small city development organizations	\$303	\$0

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Childhood Lead Poison Prevention (Federal) <i>M.S. 144.9507</i>	For targeted lead education, screening or research activities aimed at reducing childhood lead exposure.	Eligible applicants include local public health agencies and non-profit organizations	\$31	\$0
Healthy Homes Production (Federal)	For reducing physical/environmental hazards in residential settings and data collection.	Eligible applicants include local housing agencies, small cities development organizations and non-profit organizations.	\$0	\$81
Program: Health Protection				
Budget Activity: Infectious Disease Epidemiology, Prevention, and Control				
Tuberculosis Program (Both)	Outreach Grants for TB case management services and medication purchase.	Hennepin, Olmstead, and Ramsey counties; others as TB caseload need & funding allow	\$251	\$209
Eliminating Health Disparities—Refugee Health (State)	Health screening and follow-up services for foreign-born persons with TB proportionally based on legislative formula.	All Community Health Boards (CHBs) are eligible	\$245	\$245
Refugee Health (Federal)	Coordination of Refugee Health Assessments.	Counties resettling the largest number of refugees (5 grantees)	\$88	\$45
Perinatal Hepatitis B (Federal)	Case management for perinatal hepatitis B.	Community Health Boards	\$61	\$105
Immunization Practices Improvement (Federal)	Clinic site visits by local public health staff to check vaccine storage and handling, review immunization practices, and audit pediatric immunization records.	Community Health Boards	\$52	\$160
Immunizations (Federal)	Support for Regional Immunization Information Services for the continued statewide deployment of our registry system. Case management for perinatal hepatitis B in Hennepin and Ramsey Counties.	Community Health Boards to support regional immunization information service providers. Saint Paul/Ramsey, Hennepin counties receive perinatal hepatitis B case management awards from this source	\$497	\$703
American Recovery Reinvestment Act Immunizations (Federal)	Improve Adult and Adolescent immunization levels.	Community Health Boards	\$21	\$785
American Recovery Reinvestment Act IIS Sentinel Sites (Federal)	Recruit additional providers to participate in the immunization information system.	St. Paul/Ramsey County CHB	\$11	\$140
H1N1 ITIH Focus 1 & 3 (Federal)	For preparation of regional IISs to receive H1N1 vaccine data and ongoing tracking of H1N1 data.	Community Health Boards	\$127	\$107

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
New Refugee Disease Surveillance (Federal)	Establish tracking systems for refugees referred for acute care follow-up by Hennepin County Public Health Clinic (HCPHC) and St Paul Ramsey County Department of Public Health (SPRCDPH).	Hennepin County Public Health Clinic and St Paul Ramsey County Department of Public Health	\$47	\$112
Pandemic Influenza Competitive (Federal)	Promoting use of IISs for pandemic influenza response.	Community Health Boards to support regional immunization information service providers. Olmsted County Public Health	\$20	\$0
Emerging Infections (Federal)	Supports the work of Infection Preventionists with a grant to their professional organization	APIC Minnesota (Minnesota chapter of the Association of Professionals in Infection Control)	\$10	\$10
AIDS Prevention Grants (Both) M.S. 145.924	Health education/risk reduction and AIDS/HIV testing for high-risk individuals.	Community-based organizations, clinics (16 grantees)	\$1,882	\$1,724
Prevention and Treatment of Sexually Transmitted Infections (Federal) M.S. 144.065	Test high risk individuals for STDs.	Community-based organizations and clinics	\$212	\$349
HIV Counseling and Testing (Federal)	Testing high-risk individuals for HIV.	Clinical facilities (7)	\$364	\$490
Program: Health Protection				
Budget Activity: Office of Emergency Preparedness				
Local Public Health Preparedness Grants (Federal) (PAHPA, Public.Laws,109-417)	Plan, exercise and prepare local health departments and communities to respond to and recover from events that affect the public's health. Includes one time funds for H1N1 preparedness and response.	Community health boards (53 grantees)	\$4,882	\$10,814
OEP Hospital Preparedness (Federal) (PAHPA, Public.Laws.109-417)	Plan, exercise, and prepare individual hospitals and hospital regions to provide health care during emergencies and events that affect the public's health.	Regional Hospital Resource Centers designated in each of the 8 regions	\$4,136	\$4,719
Flood Disaster Relief (Fall 2010) (State) 2010 Special Session 2 Chapter 1	Funds for individual and community recovery from fall 2010 flood damage in southern MN. Includes water and food safety, behavioral health, and technical assistance to regulated industries.	Individuals and communities	\$0	\$200

Program Name Federal or State or Both (citation)	Purpose	Recipient Type (s) Eligibility Criteria	Actual FY 2010	Budgeted FY 2011
Tribal Preparedness Grants (Federal) (PAHPA, Public.Laws.109- 417)	Plan, exercise and prepare tribal governments and tribal communities to respond to and recover from events that affect the public's health. Includes one time funds for H1N1 preparedness and response.	Tribal governments (11 grantees)	\$156	\$360
H1N1 Local Public Health (Federal) Public.Laws.111-8	One time funds for H1N1 preparedness and response.	Community health boards (53 grantees)	\$12,233	\$2,560
H1N1 Tribal (Federal) Public.Laws, 111-8	One time funds for H1N1 preparedness and response.	Tribal governments (11 grantees)	\$58	\$212
Pandemic Influenza Healthcare Preparedness (Federal) Public.Laws. 111-8	One time funds for H1N1 preparedness and response.	Regional Hospital Resource Centers designated in each of the 8 regions	\$523	\$1,479
Program: Administrative Support Services Budget Activity: Executive Office				
Public Health Infrastructure (Federal)	Integrate performance management into local health department operations	Community Health Boards	\$0	\$180

HEALTH DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	40,958	41,056	41,588	41,757	83,345
Other Revenues:					
General	22	0	0	0	0
State Government Spec Revenue	19	24	25	26	51
Total Non-Dedicated Receipts	40,999	41,080	41,613	41,783	83,396
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	11	13	13	13	26
Grants:					
Drinking Water Revolving Fund	736	520	520	520	1,040
Miscellaneous Special Revenue	742	738	636	636	1,272
Federal	220,050	261,386	251,321	248,736	500,057
Federal Stimulus	1,401	17,301	15,360	3,711	19,071
Other Revenues:					
Miscellaneous Special Revenue	39,751	43,531	43,827	43,815	87,642
Federal	481	497	497	497	994
Medical Education & Research	27,598	76,840	75,791	75,791	151,582
Miscellaneous Agency	83	85	85	85	170
Gift	11	157	146	146	292
Other Sources:					
Miscellaneous Special Revenue	0	434	1,046	1,525	2,571
Total Dedicated Receipts	290,864	401,502	389,242	375,475	764,717
Agency Total Revenue	331,863	442,582	430,855	417,258	848,113

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Agency Revenue Summary Fiscal Page	5

Agency Purpose

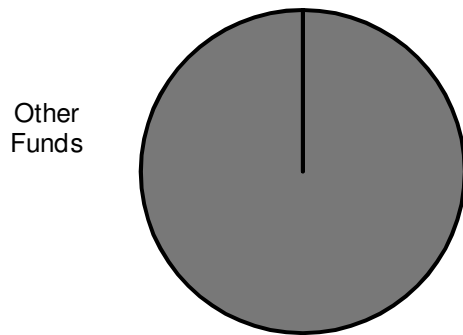
The Minnesota Higher Education Facilities Authority (MHEFA) was created by the state legislature (136A.25 – 136A.42) in 1971 to assist nonprofit institutions of higher education throughout Minnesota with financing or refinancing capital construction projects by issuing tax-exempt revenue bonds. MHEFA receives no general fund tax dollars or any other legislative appropriations. The operating funds come from fees charged to the institutions that benefit from tax-exempt bonds. MHEFA operates with the advice and leadership of a board of ten people, eight of whom are appointed by the Governor, and two that are ex officio members. The staff consists of two people. The board meets on a monthly basis and acts incrementally on the application for financing and the financing structure of all bond issues and monitors the policies and procedures of the MHEFA operations. For each bond issue, a law firm is appointed by the Attorney General to serve as bond counsel. A financial advisor firm is retained by MHEFA to advise on the financial feasibility and structure of each bond issue.

At a Glance

MHEFA assists nonprofit institutions of higher education in financing capital projects through the issuance of tax-exempt debt.

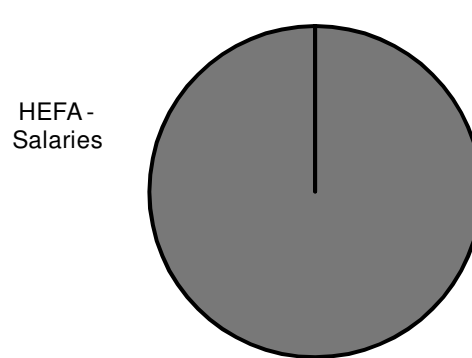
- MHEFA is authorized to have a maximum total of \$1.3 billion outstanding bond principal
- In FY 2010 MHEFA completed five financings for a total of \$131.5 million
- The total bond principal outstanding at 6/30/2010 was \$923 million
- 21 nonprofit, post-secondary institutions in Minnesota have utilized the Authority’s program and realized interest savings on financing capital improvements

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Accounting and Procurement System

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting and Procurement System

Population Served

MHEFA is authorized to issue tax-exempt bonds for private post secondary institutions in Minnesota. In 1988, the legislature gave MHEFA the authority to issue bonds for very limited projects at public higher education institutions.

Services Provided

Access to capital improvement funds is essential to the long-term viability of institutions dedicated to educating Minnesota’s workforce. MHEFA issues tax-exempt revenue obligations and enters into agreements with higher education institutions to be responsible for the use of the loan proceeds and to repay the bond holders. The Authority has no liability to repay the bondholders. The Authority has access to capital improvement funds only

through borrowing directly and thus passes the benefit of the lower interest rate on the loan to the institution. Through federal and state legislation, the interest paid by the institution to the bondholders is exempt from both state and federal income tax.

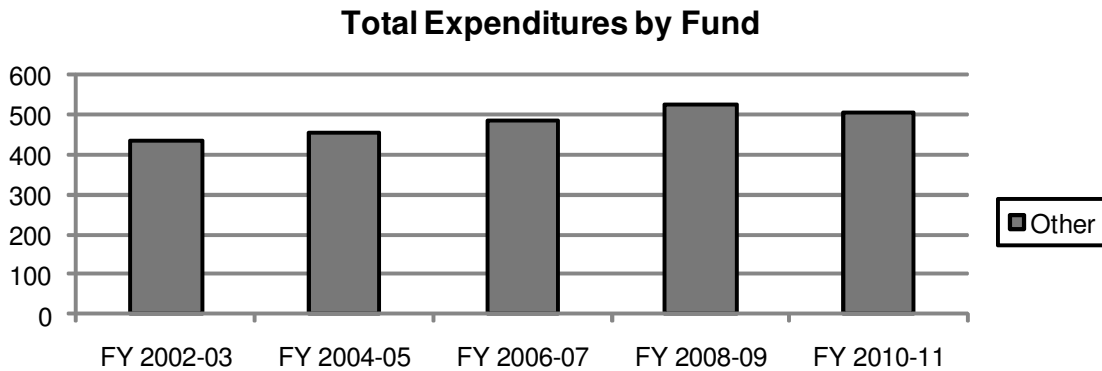
Key Goals & Measures

The mission of MHEFA is to assist nonprofit institutions of higher education in Minnesota to access the tax-exempt bond market in order to achieve savings when borrowing to build a capital project. In support of this mission MHEFA strives to:

- Educate institutions on financing options;
- Provide post issuance support on secondary market disclosure requirements; and
- Provide an efficient procedure in issuing bonds so that fees do not increase.

MHEFA has issued 177 bond issues since 1971. There has never been a default in payment on any bonds issued. Our fees have remained low and we have been able to discount them in the past few years. MHEFA has been able to provide a consistent and efficient process for obtaining tax-exempt financing and has educated the institutions through newsletters and an annual educational conference on market, legal and accounting considerations of debt financing.

Budget Trends



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/22/10.

Contact

Executive Director or Website: <http://www.MNHEFA.org>
 Assistant Executive Director
 Minnesota Higher Education Facilities Authority
 380 Jackson Street, Suite 450
 Saint Paul, Minnesota 55101
 Phone: 651-454-5457

HIGHER ED FACILITIES AUTHORITY

Agency Overview

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Agency	230	272	272	272	544
Total	230	272	272	272	544
<u>Expenditures by Category</u>					
Total Compensation	230	272	272	272	544
Total	230	272	272	272	544
<u>Expenditures by Program</u>					
Hgher Educ Fac Authr	230	272	272	272	544
Total	230	272	272	272	544
Full-Time Equivalentents (FTE)	2.0	2.0	2.0	2.0	

HIGHER ED FACILITIES AUTHORITY

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Other Sources:					
Miscellaneous Agency	230	272	272	272	544
Total Dedicated Receipts	230	272	272	272	544
Agency Total Revenue	230	272	272	272	544

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Budget Reduction	7
⇒ Reallocation From Challenge To Htf.....	8
Programs	
Development And Redevelopment	9
Program Summary	13
Homeless Prevention And Supp Housing	14
Program Summary	15
Budget Activities	
Supportive Housing	16
Budget Activity Summary	19
Homeless Prevention	20
Budget Activity Summary	22
Administration	23
Program Summary	25
Homeownership Assistance	26
Program Summary	28
Preservation	29
Program Summary	30
Budget Activities	
Homeowner Rehabilitation	31
Budget Activity Summary.....	32
Project Based Rental Assistance	33
Budget Activity Summary.....	35
Rental Preservation And Rehabilitation.....	36
Budget Activity Summary.....	38
Resident and Organizational Support	39
Program Summary	43
Federal Funds Summary	44
Agency Revenue Summary Fiscal Page	45

⇒ Designates that this item is a change item

Agency Purpose

The Minnesota Housing Finance Agency (Minnesota Housing) finances and advances affordable housing opportunities for low and moderate income Minnesotans to enhance quality of life and foster stronger communities.

At a Glance

Development and Redevelopment

- Financed more than 1,300 home purchases;
- Financed more than 1,400 new construction housing units;
- Invested more than \$40 million to assist communities hit by the foreclosure crisis; and
- Administered \$8.1 million in housing tax credits for more than 1,300 units of housing.

Homelessness Prevention and Supportive Housing

- 11,227 households received homeless prevention assistance;
- 2,624 households received state funded rental assistance; and
- 497 housing units for very low-income households were constructed or rehabbed with Housing Trust Fund (HTF) monies.

Homeownership Assistance

- 492 households received Homeownership Assistance Fund (HAF) assistance;
- 40% of first-time homebuyers with a Minnesota Housing mortgage received HAF assistance; and
- Average HAF assistance is \$3,289.

Preservation

- 560 federally-assisted housing units preserved through the Affordable Rental Investment Fund – Preservation (PARIF);
- For every \$1 invested in rental housing preservation, \$5.70 in federal assistance is retained; and
- 392 households received assistance to rehab or preserve their home.

Resident and Organizational Support

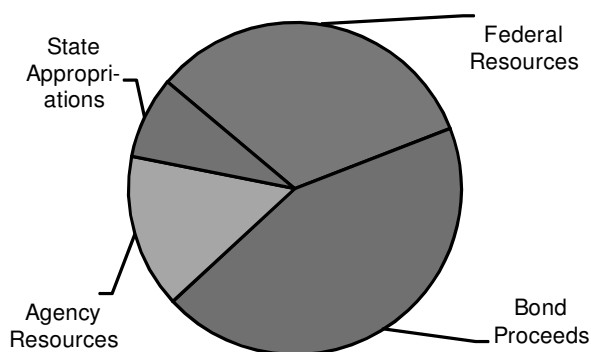
- 24,899 households received foreclosure prevention assistance or homebuyer training services; and
- 16,000 Minnesota households received mortgage foreclosure intervention and counseling assistance.

Administration

- All state-funded appropriations fund program expenditures; none is spent on administration.
- Standard and Poor’s Ratings Services affirmed an “AA+” rating and Moody’s Investors Service affirmed an “Aa1” rating;
- Disbursed \$190 million for more than 28,000 homeowners or homebuyers; and
- Disbursed \$254 million for nearly 50,000 rental units or tenant households.

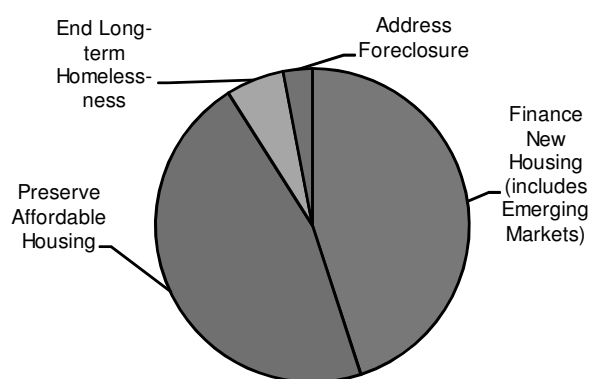
All figures are for Federal Fiscal Year 2009

**Minnesota Housing Resources
2010-2011**



Source: Minnesota Housing data

**Uses of Funding by Strategic
Priority, 2010-2011**



Source: Minnesota Housing data

Strategies

Minnesota Housing has five strategic priorities:

- Finance new affordable housing opportunities.
- Preserve existing affordable housing.
- Address the foreclosure crisis through prevention and recovery.
- End long-term homelessness.
- Increase emerging market homeownership.

To accomplish its strategic priorities, Minnesota Housing funds housing activity in five broad areas:

Development and Redevelopment Programs fund the new construction and rehabilitation of rental housing, and homes for ownership for families with a range of incomes.

Homeless Prevention and Supportive Housing Programs fund housing development, rental assistance, and homeless prevention activities for very low-income families and individuals who often face other barriers to stability, economic self-sufficiency, and independent living.

Homeownership Assistance Programs fund home purchase and home improvement loans for families and individuals with a range of incomes not served by the private sector alone.

Preservation of Housing Programs seek to preserve the stock of affordable housing that is in danger of being lost due to opt-outs for market reasons, physical deterioration, or both.

Resident and Organization Support Programs provide operating funds for organizations that develop affordable housing, offer homebuyer training, education, and foreclosure prevention assistance, or coordinate regional planning efforts.

Operations

Management and control of the agency is vested in the board of directors. The board is comprised of six citizen members appointed by the governor and one ex-officio member, the state auditor. The board directs the policies of the agency and adopts an affordable housing plan, approves funding decisions, adopts finance policies, and selects the finance team.

The agency staff includes 215 full-time equivalent employees in four major divisions: housing finance and operations; housing programs (including multifamily and homeownership); and housing policy. More than half of all the employees are professional level employees.

The **finance and operations** staff is responsible for the management of the assets and liabilities of the agency, which includes a portfolio of housing related loans and other investments totaling \$3.4 billion, and a portfolio of debt totaling \$2.47 billion. The staff manages the process of raising capital through periodic debt issuances. Staff in this division also prepares financial forecasts, budgets, and fiscal year-end audited financial reports for all funds and accounts. Staff is responsible for the accurate and timely reporting of all accounting and financial information necessary to comply with disclosure requirements and board policies. This division also includes the staff managing the agency's information systems and human resources staff.

The staff of the **multifamily housing program division** manages the process of assisting in the financing of new construction, rehabilitation, and preservation of rental housing. This staff oversees the provision of tenant support services, rental assistance, and homeless prevention activities. The staff is also responsible for the oversight of the management of the agency's portfolio of rental housing, monitoring compliance with state and federal requirements, and administering the Section 8 contracts of 32,000 units of rental housing that include the contracts on 18,000 units previously administered by Housing and Urban Development (HUD).

The **homeownership housing program division** staff manages programs to assist with the financing of home purchases and home improvements. It also manages the process of assisting in the financing of new home

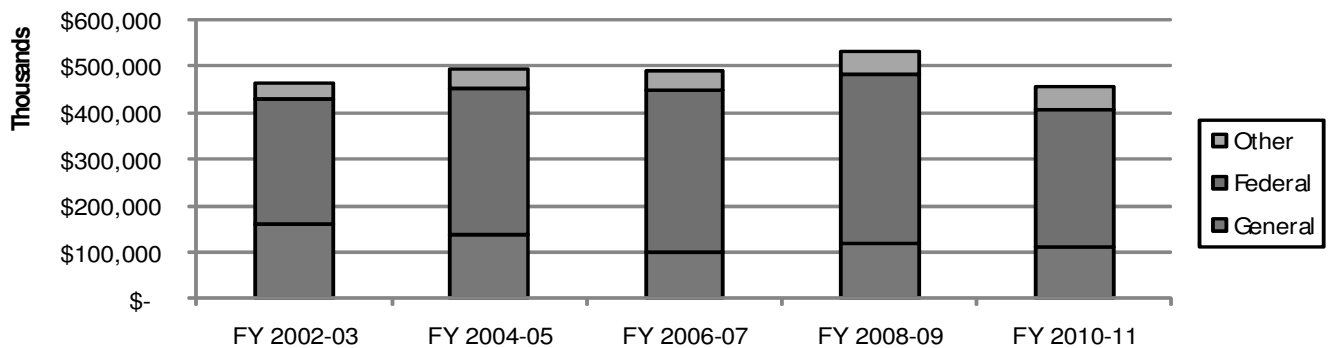
construction for ownership and neighborhood revitalization. The staff oversees the provision of homeownership education services. The staff also administers programs that provide post-purchase support and foreclosure prevention for homeowners.

The **housing policy division** includes governmental affairs, research, and policy.

The agency’s assistance is delivered through local lenders, community action programs, local housing and redevelopment authorities, and for-profit and nonprofit developers. Minnesota Housing joins with other public and private funders to make available development and redevelopment funds in a comprehensive, single application, one-stop selection process.

Budget Trends Section

Total Expenditures by Fund



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/22/10.

External Factors Impacting Minnesota Housing- Trends impacting the agency include the high unemployment rate and uncertain economy, which leads to housing instability; continued high levels of foreclosures; bond market uncertainty that may impact the agency’s ability to offer mortgages to first-time homebuyers at advantageous rates; changing demographics that may reduce the first-time homebuyer pool; declining rental vacancy rates; overbuilt single family home stock; tax credit investors’ preference for particular development types and locations; and continued mismatch between housing, jobs and transportation.

Contact

Assistant Commissioner of Housing Policy
 Phone: (651) 296-9820
<http://www.mnhousing.gov>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	41,067	40,972	40,972	40,972	81,944
Recommended	41,067	44,972	38,595	38,595	77,190
Change		0	(2,377)	(2,377)	(4,754)
% Biennial Change from 2010-11					-10.3%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	38,595	38,595	77,190
Statutory Appropriations					
Federal Stimulus	36,884	60,863	10,500	10,000	20,500
Housing Finance Agency	287,586	330,010	241,777	242,177	483,954
Total	324,470	390,873	290,872	290,772	581,644
<u>Expenditures by Category</u>					
Total Compensation	17,858	19,215	19,456	19,856	39,312
Other Operating Expenses	6,588	6,848	6,848	6,848	13,696
Payments To Individuals	257,127	294,187	226,113	225,636	451,749
Local Assistance	4,434	4,648	3,004	2,981	5,985
Other Financial Transactions	38,463	65,975	35,451	35,451	70,902
Total	324,470	390,873	290,872	290,772	581,644
<u>Expenditures by Program</u>					
Development And Redevelopment	59,139	111,967	22,659	22,659	45,318
Homeless Prevent And Supportiv	26,035	28,883	25,773	25,773	51,546
Homeownership Assistance	9,717	5,922	5,103	5,103	10,206
Preservation	196,217	210,647	204,965	204,465	409,430
Resident And Organization Supp	8,916	7,391	6,068	6,068	12,136
Administration	24,446	26,063	26,304	26,704	53,008
Total	324,470	390,873	290,872	290,772	581,644
Full-Time Equivalent (FTE)	207.8	213.6	213.6	213.6	

HOUSING FINANCE AGENCY

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	40,972	40,972	40,972	81,944
Technical Adjustments				
Current Law Base Change		(344)	(344)	(688)
Subtotal - Forecast Base	44,972	40,628	40,628	81,256
Change Items				
Budget Reduction	0	(2,033)	(2,033)	(4,066)
Reallocation from Challenge to HTF	0	0	0	0
Total Governor's Recommendations	44,972	38,595	38,595	77,190
Fund: FEDERAL STIMULUS				
Planned Statutory Spending	60,863	10,500	10,000	20,500
Total Governor's Recommendations	60,863	10,500	10,000	20,500
Fund: HOUSING FINANCE AGENCY				
Planned Statutory Spending	330,010	241,777	242,177	483,954
Total Governor's Recommendations	330,010	241,777	242,177	483,954

HOUSING FINANCE AGENCY

Change Item: Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(2,033)	\$(2,033)	\$(2,033)	\$(2,033)
Net Fiscal Impact	\$(2,033)	\$(2,033)	\$(2,033)	\$(2,033)

Recommendation

The Governor recommends a reduction of \$2.033 million in FY 2012 and \$2.033 million in FY 2013 to the Housing Finance Agency general fund budget. The Governor intends that the Housing Finance Agency should focus its general funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

This proposal represents a 5% reduction to the Housing Finance Agency base General Fund forecast budget.

Rationale

The Housing Finance agency's total base forecast general fund budget is \$40.628 million for FY 2012 and \$40.628 million for FY 2013 and includes amounts budgeted for Development/Redevelopment, Homelessness Prevention and Supportive Housing, Homeownership Assistance, Preservation and Resident and Organizational Support Program Areas. Specifically, the Housing Finance Agency will reduce program budgets by the following amounts:

PROGRAM AREAS	AGENCY PROGRAMS	BASE REDUCTION FY 2012-13
Development/Redevelopment	Economic Development and Housing Challenge program	\$2,468,000
Homeownership Assistance	Homeownership Assistance Fund program	\$54,000
Preservation	Affordable Rental Investment Fund Preservation program	\$454,000
Preservation	Rental Rehabilitation Loan program	\$796,000
Resident and Organizational Support	Homeownership Education, Counseling and Assistance Program	\$228,000
Resident and Organizational Support	Capacity Building Grant program	\$66,000

Budget reductions will result in fewer housing units being preserved or rehabilitated, fewer first-time homebuyers receiving down payment assistance and less financial support being available for nonprofit affordable housing organizations. Budget reductions are targeted to minimize the impact on programs that most effectively leverage non-state resources. Budget reductions will not impact the homelessness and supportive housing programs that serve the most vulnerable populations.

The budget reductions to the Economic Development and Housing Challenge program safeguard sufficient funding to facilitate the use of the entire allocation of federal housing tax credits to leverage private equity. An estimated 55 fewer rental housing units will be rehabilitated as a result of the proposed budget reductions to the Rental Rehabilitation Loan program. The reductions to the Homeownership Assistance Fund program will result in down payment and closing cost assistance being available to approximately 13 fewer potential first-time homebuyers which is likely to mean that fewer households will be become homeowners. Homeownership education and counseling will be available to an estimated 900 fewer households over the course of the biennium.

Statutory Change: Not Applicable

HOUSING FINANCE AGENCY

Change Item: Reallocation from Challenge to HTF

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends a reallocation of \$1 million in FY 2012 and \$1 million in FY 2013 from the Economic Development and Housing Challenge (Challenge) program to the Housing Trust Fund program. The reallocation will preserve 150 rental assistance opportunities each year that were initially awarded in the 2011-2012 biennium.

Rationale

In the Laws of 2009, Chapter 78, Article 1, Section 6, a \$4 million increase to the Challenge program and a concomitant \$4 million decrease to the Housing Trust Fund program for FY 2012-13 was directed. With the reallocation, the base for the Housing Trust Fund program will be \$19.110 million in FY 2012-13. The base for the Challenge program will be \$16.786 million. With the change, the base for the Housing Trust Fund is \$2 million less than the base appropriation for FY 2010-2011. The reallocation, along with the recommended budget reductions, result in a base for the Challenge program nearly identical to the base appropriation for FY 2010-2011.

The Housing Trust Fund program is the primary source of general fund appropriations for the capital costs and rental assistance for housing for the lowest income Minnesotans. Nearly 3,300 housing opportunities have been financed to date as part of the initiative to end long-term homelessness. Due to the changes established in the 2009 legislation, 300 fewer households each year would benefit from the housing opportunities made available through rental assistance than were assisted in the FY 2010-11 biennium. Reallocation of funding to the Housing Trust Fund program will preserve half of those housing opportunities that otherwise would be lost.

The Challenge program provides gap financing for the development and redevelopment of workforce housing. Sufficient funds are retained in the Challenge program to leverage all of the available federal tax credit resources and to continue to make progress on foreclosure recovery in the hardest hit communities.

Statutory Change: Not Applicable

Program at a Glance

In FFY 2009 Minnesota Housing

- financed more than 1,300 existing home purchases;
- financed more than 1,400 new construction housing units;
- invested more than \$40 million to assist communities hardest hit by the foreclosure crisis; and
- administered \$8.1 million in housing tax credits for more than 1,300 units of housing.

Program Description

This program funds the new construction and rehabilitation of housing, both rental and homes for ownership, needed to sustain economic growth and vitality. In times of economic and employment growth, new housing is essential. Rehabilitating the existing stock is an important strategy for retaining existing employers and related economic activity.

This activity supports goals shared with other state agencies such efforts to reduce greenhouse gas emissions by financing housing that is located near transportation and transit systems, jobs and services and by requiring the housing it finances to meet aggressive energy conservation goals. Re/development also contributes to healthy homes,

both in the construction materials used and siting priorities for active living and sustainable communities. This activity supports communities in implementing the housing element of their comprehensive plan by providing financial assistance for the acquisition of land for future affordable housing development.

Re/development program funds are made available primarily through a competitive, comprehensive, one-stop, single application process sponsored by Minnesota Housing, the Family Housing Fund, the Greater Minnesota Housing Fund, the Metropolitan Council, and others.

Population Served

Homeowners, homebuyers, and tenants of rental housing are served by this program. Additionally, communities receive assistance in their stabilization and revitalization efforts due to the impact of the foreclosure crisis through this budget activity.

Services Provided

Economic Development and Housing Challenge Program (M.S. Chapter 462A.33)

As the primary program to fund development and redevelopment activities, the Challenge program funds a wide variety of development and redevelopment activities, including new construction, acquisition, and rehabilitation of both rental housing and homes for ownership. Assistance is provided generally in the form of no-interest, deferred loans to local units of government, and for-profit and nonprofit developers. The income maximum for the owner-occupied housing funded under this program is set at 115% of greater of state or area median income (\$96,600 in the Twin Cities metro area for 2010). The income maximum for the rental housing funded under this program is set at 80% of greater of state or area median income (\$67,200 in the Twin Cities metro area for 2010). The income maximums allow for a range of workforce housing to be developed or rehabilitated.

At least 50% of the funds must be used only for projects in which an employer has made some sort of financial contribution to the housing from non-state resources or has other local leverage sources in order to reduce the need for deferred loan or grant funds. Projects that show cost reduction or avoidance as a result of local regulatory relief are given a priority in selection for funding. These requirements have helped to increase the amount of monies from non-state resources that are invested in affordable housing projects.

Minnesota Housing has adopted the Enterprise Institute's National Green Communities Criteria as mandatory criteria for all new construction and applicable rehabilitation improvements funded by Minnesota Housing. The Green Communities criteria have goals of achieving energy conservation in excess of the energy code, achieving low life time operating cost, and establishing air quality and lighting standards that create a healthy environment. At least \$32 million of Challenge Program funds have been committed to 3,050 housing units meeting the Green Communities criteria.

Under a new initiative in response to communities' request for land acquisition funds to allow for time to plan for affordable housing, \$1.3 million in Challenge programs funds has been committed for affordable homeownership

projects in suburban communities with significant affordable housing needs and for homeownership and rental housing developments closely integrated with transit systems.

Funding exclusively for Urban Indian and Tribal Indian Housing projects are set-aside through the Economic Development and Housing Challenge Program. Projects funded through Urban Indian Housing provide both home ownership and rental housing opportunities for low- and moderate-income American Indians residing in the urban areas of the state. Projects funded through Tribal Indian Housing include mortgage loans, home improvement financing, and rental housing opportunities to American Indian families and persons throughout the state.

Neighborhood Stabilization Program

The federally-funded Neighborhood Stabilization Program (NSP) received a third round of funding through the Dodd-Frank Wall Street Reform and Consumer Protection Act in July 2010. Minnesota received \$12.5 million, of which \$5 million will be administered by Minnesota Housing. Funds may be used to establish financing mechanisms for the purchase and rehabilitation of abandoned and foreclosed residential properties to sell or rent the properties, establish land banks, demolish blighted structure and redevelop demolished or vacant properties. The U.S Department of Housing and Urban Development will develop a formula for allocation of the funding among state and local units of government.

Historical Perspective

The FY2008-09 biennial appropriations to Minnesota Housing included \$15 million in one-time appropriations. These funds were requested in order to encourage housing that is efficient and sustainable; maximizes existing infrastructure and preserves green spaces; is integrated with transit and transportation systems; is accessible to jobs and services; and expands the diversity of housing choices within communities.

In 2009, the Tribal and Urban Indian programs were consolidated with the Challenge program in order to streamline the delivery of the resources.

The FY2010-11 biennial budget included a 33 percent reduction in the Challenge program. This reduction was offset by federal funds targeted to improving the Housing Tax Credit program outcomes. The Tax Credit Assistance Program (TCAP) and Section 1602 Exchange Program (Exchange) filled funding gaps and moved developments forward that had been awarded tax credits but were unable to secure the necessary equity due to the decline in the value of the tax credits. Through July 2010, \$28 million in TCAP funding and \$62 million in Exchange funding had been committed to stalled tax credit projects in Minnesota.

The federal Department of Housing and Urban Development (HUD) awarded nearly \$58 million in Neighborhood Stabilization Program (NSP) funds from the Housing and Economic Recovery Act (HERA) to Minnesota (\$38.8 million) and five of its cities and counties (\$19 million). These NSP funds are to be used primarily for the acquisition and rehabilitation of abandoned and foreclosed properties. Minnesota Housing received \$38.8 million to administer in targeted areas with greatest need identified through a funding formula that included: areas with the greatest percentage of home foreclosures; areas with the highest percentage of homes financed by a subprime mortgage related loan; and areas identified as likely to face a significant rise in the rate of home foreclosures. A second round of funding was authorized in the American Recovery and Reinvestment Act of 2009, known as NSP2. Through a competitive process, applicants in Minnesota received \$37.5 million.

Key Program Goals & Measures

Minnesota Housing Re/Development program is instrumental in achieving the agency's strategic goals of:

- financing new affordable housing opportunities;
- preserving existing affordable housing; and
- addressing the foreclosure crisis through prevention and recovery.

The Next Decade of Housing study commissioned by Minnesota Housing, Family Housing Fund, and Greater Minnesota Housing Fund estimated that by 2010 there will be a shortfall of 33,000 affordable housing units for low-income households statewide if production is maintained at historic levels.

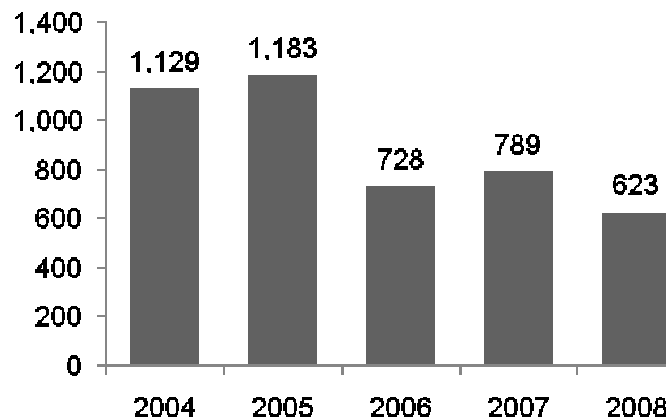
Minnesota Housing has been an early and substantial funder of foreclosure recovery, largely for the acquisition and rehabilitation of foreclosed homes. The agency has made available more than \$70 million since 2007, including revolving loans, subsidies, and \$38.8 million from HUD's Neighborhood Stabilization Program (NSP1). To maximize the potential for impact with limited resources, Minnesota Housing has worked with local sub-recipients to concentrate funds in targeted neighborhoods. Local entities are also devoting their own resources to foreclosure recovery, including NSP funds that they received directly from HUD, which includes nearly \$19 million under NSP1 and \$37.5 million under NSP2. The agency is confident that all NSP1 funds will be completely committed within the 18 month timeframe provided by HUD.

In the first six months of federal FY2010, 85 percent of the multifamily units, 86 percent of the single-family homes, and 100 percent of the community development units that were selected for rehabilitation or new construction funding will be built to Minnesota Housing's green standards.

In support of transit oriented development, Minnesota Housing has committed since the fall of 2008 \$49 million to 8 multifamily developments with 1,700 units that are within ½ mile of station areas along the Hiawatha, Central Corridor, and North Star transit lines.

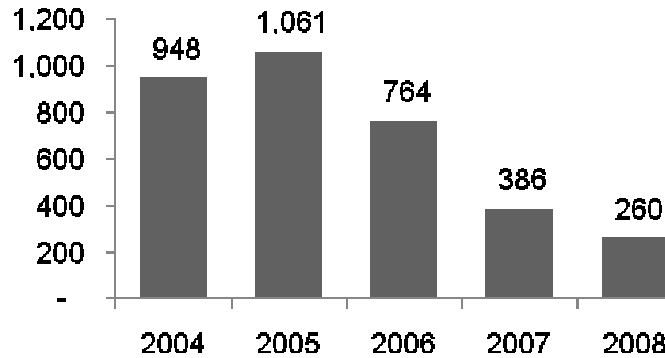
As the economy has slowed in the past few years, new construction of affordable rental housing has declined and preservation and rehabilitation has increased. In 2008, 623 new affordable rental housing units were constructed, down from a peak in 2005 of 1,183 units, as shown in the chart below.

New rental housing units financed by Minnesota Housing



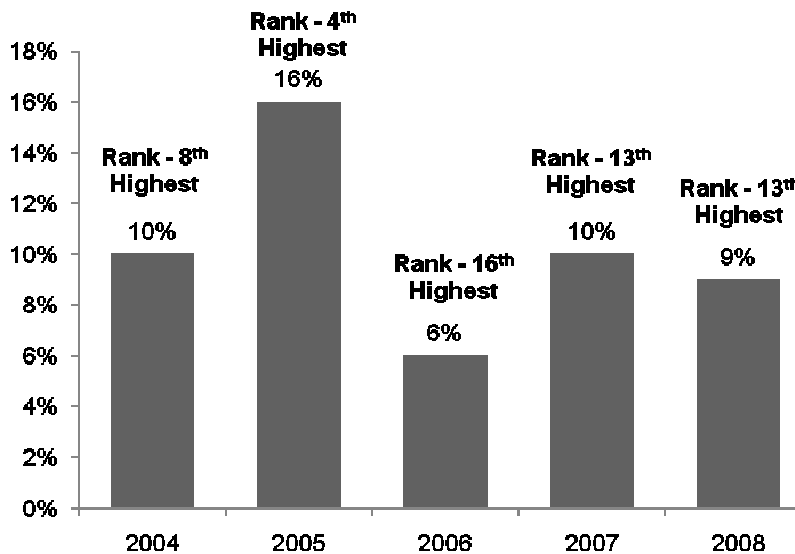
The story is much the same in the single-family homeownership market, where the increase in foreclosed and vacant homes has increased rehabilitation opportunities and dramatically reduced new construction opportunities. In 2008, 260 new homeownership opportunities were financed by Minnesota Housing through funding other than mortgage assistance, down from a peak in 2005 of 1,061 units, as show in the chart below. This number is expected to remain low until the market absorbs much of the excess housing stock that is available.

New homeownership opportunities finance by Minnesota Housing other than mortgage assistance



A major component of the Re/Development activity is closing any funding gaps on housing tax credit developments to ensure the state is able to leverage important federal investment and private equity. Housing tax credits are one of the agency's primary tools for financing affordable housing. Nationally, Minnesota Housing ranks 13th in the percentage of units financed with housing tax credits that are affordable to households with incomes below 30 percent of the area median income (AMI), which represents a very-low income population. The chart below shows the percentage and rank over the last several years.

Housing Tax Credits affordable to households with income less than 30% AMI



Program Funding

State appropriations for this activity are 23% of the total state General Fund appropriations to Minnesota Housing for the FY2010-11 biennium.

Contact

Assistant Commissioner of Housing Policy

Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: DEVELOPMENT AND REDEVELOPMENT

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	7,159	7,159	14,318
Statutory Appropriations					
Federal Stimulus	33,702	56,845	10,000	10,000	20,000
Housing Finance Agency	25,437	55,122	5,500	5,500	11,000
Total	59,139	111,967	22,659	22,659	45,318
<u>Expenditures by Category</u>					
Payments To Individuals	51,321	86,795	14,472	14,472	28,944
Local Assistance	36	216	5	5	10
Other Financial Transactions	7,782	24,956	8,182	8,182	16,364
Total	59,139	111,967	22,659	22,659	45,318
<u>Expenditures by Activity</u>					
Development And Redevelopment	59,139	111,967	22,659	22,659	45,318
Total	59,139	111,967	22,659	22,659	45,318

Program Description

The purpose of the Homeless Prevention and Supportive Housing program is to provide supportive housing and other assistance to persons experiencing homelessness or at risk of becoming homeless due a crisis situation.

Budget Activities

This program includes the following budget activities:

- Supportive Housing and Rental Assistance
- Homelessness Prevention

HOUSING FINANCE AGENCY

Program: HOMELESS PREVENT AND SUPPORTIV

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	19,658	19,658	39,316
Statutory Appropriations					
Housing Finance Agency	26,035	28,883	6,115	6,115	12,230
Total	26,035	28,883	25,773	25,773	51,546
<u>Expenditures by Category</u>					
Payments To Individuals	21,493	21,541	24,208	24,208	48,416
Local Assistance	6	4	4	4	8
Other Financial Transactions	4,536	7,338	1,561	1,561	3,122
Total	26,035	28,883	25,773	25,773	51,546
<u>Expenditures by Activity</u>					
Supportive Housing	18,297	21,136	18,308	18,308	36,616
Homelessness Prevention	7,738	7,747	7,465	7,465	14,930
Total	26,035	28,883	25,773	25,773	51,546

HOUSING FINANCE AGENCY

Program: Homeless Prevention and Supportive Housing

Activity: Supportive Housing and Rental Assistance

Narrative

Activity at a Glance

For FFY 2009

- 800 households received Bridges assistance;
- 1,824 households received other state funded rental assistance;
- 497 housing units for very low-income households were constructed or rehabbed with Housing Trust Fund (HTF) monies;
- 167 households in Greater Minnesota received Housing Opportunities for Persons with Aids (HOPWA) funds in FFY 2009 for emergency assistance of rental, mortgage, and utility payments to assist in housing search and referral services.

Activity Description

Supportive housing is permanent housing with support services. Supportive housing is an essential element of efforts to achieve the strategic goal of ending long-term homelessness. Supportive housing stabilizes housing for the poorest households or households with special needs so they can successfully address barriers to employment, complete school or training, and/or achieve independent living. For some households, providing both housing and services is essential to success; one without the other does not lead to success.

Population Served

Supportive housing programs serve individuals and families with multiple barriers to obtaining and maintaining housing, including persons who are homeless or at risk of becoming homeless, and persons with mental illness, substance

abuse disorders, or persons with HIV/AIDS.

Seventy percent (70%) of the Housing Trust Fund monies are used for housing families and households experiencing long-term homelessness or those at risk of experiencing long-term homelessness; the remainder of funds are used for housing affordable to households with incomes at or below 30% of median (\$25,100 for 2010).

Services Provided

Housing Trust Fund Program (M.S. Chapter 462A.201)

The Housing Trust Fund is the largest of the state-appropriated items in this budget activity. The Housing Trust Fund provides 0% interest deferred loans for the financing of affordable permanent and supportive rental housing and limited equity cooperative housing for very low-income households. It also provides grants and loans for the costs of operating rental housing that are unique to the operation of low-income rental housing and for rental assistance. Housing assisted under this program must serve households with incomes that do not exceed 60% of metropolitan area median income (\$50,400 for 2010); 75% of the program funds must be used for housing for households with incomes that do not exceed 30% of the metropolitan area median income (\$25,100 for 2010). Nonprofit and for-profit organizations as well as local units of government are eligible to receive funds under this program. Increasingly by combining with tax credits and using bond proceeds, the agency is able to provide housing for the hardest to serve, which is not economically viable without a subsidy.

Bridges (M.S. Chapter 462A.2097)

The Bridges Program, statutorily known as the Rent Assistance for Persons with Mental Illness Program, provides rent assistance for households in which at least one adult member has a serious and persistent mental illness. Eligibility for the program is limited to households with incomes below 50% area median income. This activity links housing with social services through a partnership between a housing agency and a social service agency. The rental assistance is intended to stabilize the household in the community until a Section 8 certificate or voucher becomes available.

Housing Opportunities for Persons with AIDS (HOPWA)

The Housing Opportunities for Persons with AIDS (HOPWA) Federal program provides grants that can be used to meet the housing needs of persons with Acquired Immune Deficiency Syndrome (AIDS), HIV-positive status or related diseases, and their families. The program authorizes grants for both housing assistance and services. Minnesota Housing's HOPWA funds are used for rental subsidies. HOPWA funds are appropriated by Congress to the U.S. Department of Housing and Urban Development. The State of Minnesota receives a direct award of funds for the portion of the State not covered by the 11-county Minneapolis/Saint Paul metropolitan area.

Historical Perspective

In 2003, leaders from public, private and nonprofit communities in Minnesota decided to launch an all-out effort to bring people home, beginning with those who have long histories of homelessness. Based on legislation proposed by Governor Tim Pawlenty and adopted by the Legislature, a Working Group was formed that developed a Business Plan to End Long-Term homelessness by 2010, primarily by creating 4,000 units of permanent supportive housing. The idea behind the Business Plan was to tackle a complex social problem—long-term homelessness—in a business-like manner, defining a strategy, setting goals for each year of the plan, outlining a financing strategy, evaluating progress, and adjusting the Plan to reflect experience.

In 2004, the eligible uses of the Housing Trust Fund were expanded to include operating subsidies and rental assistance as part of the implementation of the Business Plan to End Long-Term Homelessness. In 2006, the Plan was updated based on survey results from the Wilder Foundation, and another recalibration is underway in 2010 based on results from the 2009 survey.

Minnesota Housing requested and received State appropriate debt service for \$30 million in non-profit housing bonds through the capital bonding process from the 2008 Minnesota Legislature. The agency received approval from the 2010 Minnesota Legislature to issue an additional \$6 million in non-profit housing bonds with no increase in debt service due to historically low interest rates.

Key Activity Goals & Measures

The supportive housing and rental assistance budget activity advances the agency's strategic priority of:
Ending long-term homelessness.

Minnesota Housing, along with the Departments of Human Services and Corrections, is a key partner in implementing the Business Plan to End Long-Term Homelessness in Minnesota. Developed by a working group of public and private stakeholders, the Business Plan aims to provide permanent supportive housing to an additional 4,000 long-term homeless households by 2010.

This activity is essential to meeting Minnesota Housing's strategic priority of ending long-term homelessness.
Ending Long-term Homelessness. Minnesota Housing's strategic plan can be found at:
www.mnhousing.gov/news/reports/index.aspx

At the end of 2009, almost 1,800 households were created through the Business Plan. Of those:

- 42 percent were families; 58 percent were single adults.
- 9 percent were households headed by youth under 22. Over half of these households were families (55%).
- 42 percent of participants self-identified as Black/African-American, 20 percent as American Indian.
- 73 percent of adults reported some type of disability, mental illness being the most prevalent (53%).

Housing created through the Business Plan has made a difference in people's lives.

- *People with long histories of homelessness are in housing.* 88 percent of households served in the 2009 calendar year were still in housing at the end of the year or had moved into another permanent housing option.
- *Household income is increasing.* 31 percent of households served experienced an increase in income since entering housing and 17 percent of households have income from wages.
- *Health and well-being are improving.* After 18 months in housing, participants in the Minnesota Supportive Housing and Managed Care Pilot reported fewer mental health symptoms, reduced use of alcohol and/or drugs and a greater sense of safety.

Public funds are redirected from short-term emergency expenditures to longer-lasting investments in well-being.

- *Emergency expenditures are reduced.* As an example, Hennepin County's Frequent Users of Shelter and Emergency Services (FUSE) initiative saved \$78,000 by housing six people; the results included 161 fewer jail days, 397 fewer stays in shelters, 45 fewer days in detox.

HOUSING FINANCE AGENCY

Program: Homeless Prevention and Supportive Housing

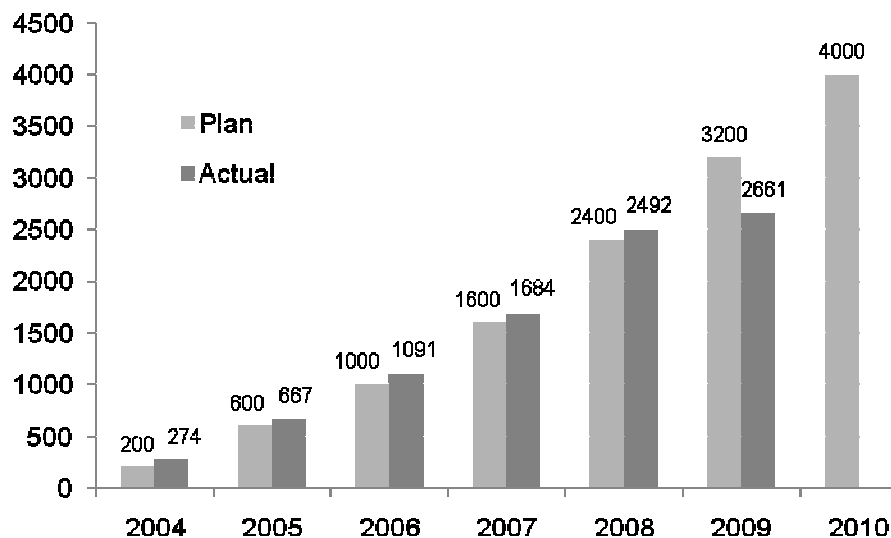
Activity: Supportive Housing and Rental Assistance

Narrative

- *Public funds are used more effectively.* The Minnesota Supportive Housing and Managed Care Pilot (2001 – 2007) reported that, although overall costs did not change significantly, the type of expenditures shifted away from jails, inpatient treatment, and detox to more routine and preventive care such as outpatient medical and mental health care and pharmacy costs.

During the first five years of the Business Plan, the state met its production goals; however, the economic downturn and the stalled market for housing tax credits significantly hindered production in 2009. Consequently, the state did not meet its 2009 goals, as shown below. The Business Plan to End Long-Term Homelessness will be recalibrated in late 2010 to reflect the realities of the financial market and the 2009 Wilder Homeless Survey.

New Supportive Housing Opportunities under the Business Plan to End Long-term Homelessness (cumulative totals)



Activity Funding

32% of the total state General Fund appropriations for Minnesota Housing is devoted to supportive housing and rental assistance. In addition to state appropriations for this activity, Minnesota Housing expects to receive \$375,000 in the FY2010-11 biennium from interest on Real Estate Brokers Trust accounts pursuant to M.S. Chapter 82.50 subd.8.

Contact

Assistant Commissioner for Housing Policy
Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>

HOUSING FINANCE AGENCY

Program: HOMELESS PREVENT AND SUPPORTIV

Activity: SUPPORTIVE HOUSING

Budget Activity Summary

	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	12,193	12,193	24,386
Statutory Appropriations					
Housing Finance Agency	18,297	21,136	6,115	6,115	12,230
Total	18,297	21,136	18,308	18,308	36,616
<u>Expenditures by Category</u>					
Payments To Individuals	13,978	14,071	16,743	16,743	33,486
Local Assistance	6	4	4	4	8
Other Financial Transactions	4,313	7,061	1,561	1,561	3,122
Total	18,297	21,136	18,308	18,308	36,616

Activity at a Glance

In FFY 2009

- 11,227 households received homeless prevention assistance;
- Average assistance per household under the Family Homeless Prevention and Assistance Program is \$728; and
- Median household income was \$9,912 and 54% were emerging market households.

Activity Description

Homeless prevention activities provide housing and other assistance to households who are at risk of becoming homeless due to a crisis situation, extremely low-incomes, or physical or mental health problems. These activities also assist households in moving out of emergency shelters and other temporary settings so that they do not become long-term homeless. The development of additional rental housing affordable for extremely low income households is another critical homelessness prevention activity.

Population Served

This activity serves households facing a crisis that may have or already has resulted in the loss of permanent housing.

Services Provided

Family Homeless Prevention and Assistance Program (M.S. Chapter 462A.204)

The Family Homeless Prevention and Assistance Program (FHPAP) provides flexible grants to counties and nonprofit organizations to use to assist families, single adults or youth who are homeless or at imminent risk of homelessness. Grant recipients are required to design or redesign an emergency response system to shift the focus to prevention of homelessness and a more rapid move to transitional or permanent housing. FHPAP now serves 80 counties.

Historical Perspective

Base funding for the Family Homelessness Prevention and Assistance Program was doubled for FY2008-09 biennium. Base funding remained steady through the FY2010-11 biennium.

In 2009, the Legislature made a one-time appropriation of \$500,000 for a High-Risk Adult Demonstration Project.

Key Activity Goals & Measures

The homelessness prevention budget activity advances the agency's strategic priorities of:
Ending long-term homelessness.

In state fiscal year 2009, the Family Homeless Prevention and Assistance Program served:

- 6,497 Families
- 2,062 Youth
- 2,978 Single Adults, many of whom are veterans

More than 17,500 households were served by the FHPAP statewide in FY 2008-2009, representing more than 32,000 individuals, including 16,000 children.

Because of the increase in available FHPAP funding, the number of households that have averted homelessness is on the rise, as shown by the chart below.

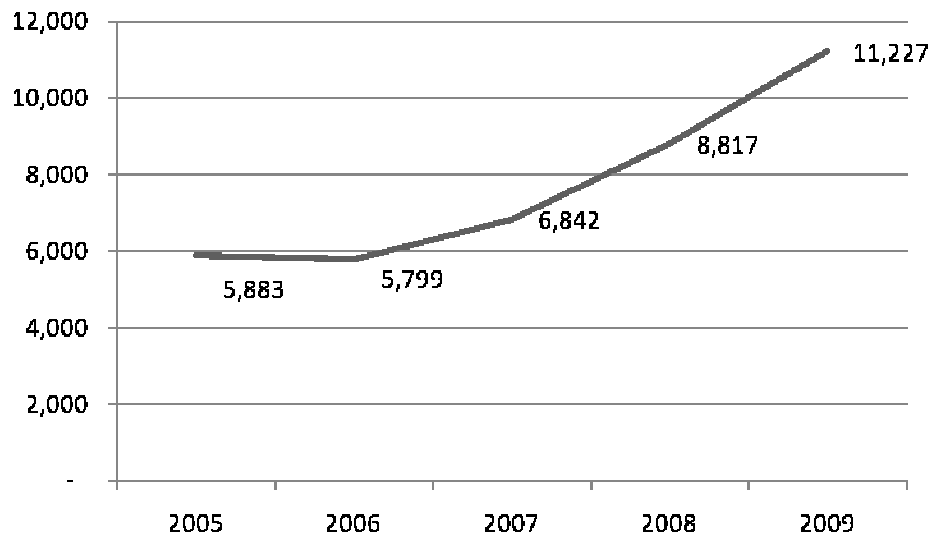
HOUSING FINANCE AGENCY

Program: Homeless Prevention and Supportive Housing

Activity: Homeless Prevention

Narrative

Households served by Family Homeless Prevention and Assistance Program



Activity Funding

18% of the total state General Fund appropriations for Minnesota Housing is devoted to homeless prevention.

Contact

Assistant Commissioner for Housing Policy

Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>

HOUSING FINANCE AGENCY

Program: HOMELESS PREVENT AND SUPPORTIV

Activity: HOMELESSNESS PREVENTION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	7,465	7,465	14,930
Statutory Appropriations					
Housing Finance Agency	7,738	7,747	0	0	0
Total	7,738	7,747	7,465	7,465	14,930
<u>Expenditures by Category</u>					
Payments To Individuals	7,515	7,470	7,465	7,465	14,930
Other Financial Transactions	223	277	0	0	0
Total	7,738	7,747	7,465	7,465	14,930

Program at a Glance

In FFY 2009 Minnesota Housing

- disbursed \$190 million for more than 28,000 homeowners or homebuyers;
- disbursed \$254 million for nearly 50,000 rental units or tenant households; and
- issued an aggregate \$1,385 million in bonds for State Fiscal Year 2010.
- Both Standard and Poor's Ratings Services affirmed an "AA+" rating and Moody's Investors Service affirmed an "Aa1" rating.

Program Description

Minnesota Housing works to finance and advance affordable housing opportunities for low- and moderate-income Minnesotans to enhance quality of life and foster strong communities.

In FY 2010-11, Minnesota Housing reaffirmed four strategic priorities and added a fifth strategic priority to address the foreclosure crisis through prevention and recovery.

Work continued on the business plan to achieve the strategic priority of ending long-term homelessness. Each annual goal under the plan for permanent supportive housing was surpassed until market conditions dramatically

weakened in 2009. The plan is under revision in 2010 to adjust for the new challenges. In June 2005, an initiative regarding work on the goal of increasing the homeownership rate on emerging markets was launched. Progress has been steady though challenging given the turmoil in the housing market, and goals were exceeded prior to 2009.

Information technology improvement efforts were implemented during the FY 2010-11 biennium, including new compliance and monitoring systems, Intranet and progress on a website redesign, to ensure information is easily accessible to the public and our partners. The agency continues to refine its web-based application databases for multifamily projects and single-family mortgage system. This has decreased costs and increased efficiency.

A Housing Resource Advisory Committee continues to meet on a regular basis to discuss emerging housing trends and proposed responses so as to best advance the agency's mission of meeting Minnesotans' needs for decent, safe, affordable housing and stronger communities. In 2007, a balanced scorecard was adopted to guide strategy management and decision-making. In response to recent changes in senior leadership due to retirement, the agency is evaluating its structure and outcomes.

As of 6-30-2010, Minnesota Housing had approximately \$3.6 billion in assets. At June 30, 2010, Minnesota Housing's issuer ratings were "AA+" and "Aa1" from Standard and Poor's Ratings Services and Moody's Investors Service, Inc., respectively. Minnesota Housing's credit ratings are separate from, and are not directly dependent on, ratings on debt issued by the State of Minnesota. Ongoing reporting to and communications with the bond rating agencies are priorities for the agency.

Population Served

Homebuyers, homeowners, and tenants with low- and moderate-incomes benefit from the administration of agency programs.

Services Provided

Agency staff engages in a number of activities to ensure that state-appropriated, federal and other funds are well invested and the investments are well managed.

Activities surrounding the various homeownership assistance provided by Minnesota Housing include processing loan reservations and disbursements, compliance monitoring of funds used for homeownership assistance, monitoring of loan services, and provision of delinquency assistance and loss mitigation tools.

For multifamily rental properties, five major components require review and oversight: underwriting, construction, marketing/initial rent-up, long-term management, and oversight for troubled properties. Federal monitoring for compliance must also be performed with the federal Section 8, Section 236, Low-Income Housing Tax Credits, and HOME Investment Partnership (HOME) programs, including compliance with imposed rent and income restrictions. The portfolio of federal housing tax credit properties is growing by approximately 1,000 units per year. Federal law requires that a portion of tax credit units be monitored every year. In addition, Minnesota Housing is

HOUSING FINANCE AGENCY

Program: Administration

Narrative

the Traditional Contract Administrator or Performance Based Contract Administrator (PBCA) for many project-based Section 8 housing developments.

The agency's portfolio grows as additional funds are disbursed for housing. A concomitant increase in the responsibilities for loan portfolio management, investment and debt management, and property management results from a larger portfolio.

Key Program Goals & Measures

The Administration program area contributes to advancing all of the agency's strategic priorities of:

- Financing new affordable housing opportunities
- Preserving existing affordable housing;
- Ending long-term homelessness;
- Increasing emerging market homeownership; and
- Addressing the foreclosure crisis through prevention and recovery.

In setting an administrative budget, the agency seeks to strike an appropriate balance between maximizing agency resources available for housing needs and investing in adequate staff and technology to ensure efficient operations, appropriate oversight, and quality housing. Total operating costs as a percentage of assistance provided typically does not exceed five percent. FY 2009 exceeded this benchmark because of the temporarily decline in mortgage lending, which reduced by nearly one-third the total assistance provided by the agency.

(Dollars in Thousands)

Assistance Provided	Year Ended 9/30/2002	Year Ended 9/30/2003	Year Ended 9/30/2004	Year Ended 9/30/2005	Year Ended 9/30/2006	Year Ended 9/30/2007	Year Ended 9/30/2008	Year Ended 9/30/2009	Year Ended 9/30/2010 (estimate)
Total Assistance Provided by the agency	\$520,956	\$466,806	\$533,983	\$637,314	\$717,616	\$744,983	669,756	\$444,237	\$609,957
Actual Operating Costs	\$18,222	\$19,089	\$20,186	\$20,124	\$21,266	\$22,832	\$24,001	\$25,178	\$24,447
Operating Costs as a % of Assistance Provided	3.50%	4.09%	3.78%	3.16%	2.96%	3.06%	3.58%	5.66%	4.00%

A separate operating cost report is provided to the Minnesota Legislature each year.

Minnesota housing consistently ranks among the top housing finance agencies in the country by the rating agencies. Minnesota Housing is in the top five agencies out of the fifty housing finance agencies rated by Moody's and in the top four agencies out of the 24 housing finance agencies rated by Standard and Poor's.

Program Funding

The agency's operation costs are not covered by state General Fund appropriations; the funding source for agency operations is the slight yield on bonds issued by the agency.

Contact

Assistant Commissioner of Housing Policy
Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: ADMINISTRATION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Housing Finance Agency	24,446	26,063	26,304	26,704	53,008
Total	24,446	26,063	26,304	26,704	53,008
<u>Expenditures by Category</u>					
Total Compensation	17,858	19,215	19,456	19,856	39,312
Other Operating Expenses	6,588	6,848	6,848	6,848	13,696
Total	24,446	26,063	26,304	26,704	53,008
<u>Expenditures by Activity</u>					
Administration	24,446	26,063	26,304	26,704	53,008
Total	24,446	26,063	26,304	26,704	53,008
Full-Time Equivalents (FTE)	207.8	213.6	213.6	213.6	

Program at a Glance

In FFY 2009:

- 492 households received Homeownership Assistance Fund (HAF) assistance;
- 40% of first-time homebuyers with a Minnesota Housing mortgage received HAF assistance; and
- Average assistance under the HAF program is \$3,289.

Program Description

The homeownership assistance program combines state General Fund appropriations with bond proceeds and federal funds to provide entry cost assistance loans. Homeownership assistance programs also conduct marketing and outreach aimed at reaching underserved populations.

Population Served

The homeownership loan program area serves low- and moderate-income first-time homebuyers.

Services Provided**Homeownership Assistance Fund**

Minnesota Housing state-appropriated entry cost (downpayment and closing costs) assistance loan program is the Homeownership Assistance Fund (M.S 462A.21, Subd. 8), or HAF. It provides entry costs to more modest income homebuyers who are purchasing their first home through one of Minnesota Housing's mortgage revenue bond programs. Assistance is in the form of a 0% interest second mortgage loan. Repayment of the loan is deferred until the home is sold, the mortgage is refinanced, or the borrower no longer occupies the home as his or her principal residence. Eligible homebuyers must have income that does not exceed 80% of the greater of state or area median income; income limits may be adjusted for family size. Repayments and prepayments of loans are invested in new loans. A network of participating lenders delivers this assistance.

HOME Homeowner Entry Loan Program

The HOME Homeowner Entry Loan Program (HELP) loan is a Federal Home Investment Partnership downpayment assistance program. The HOME HELP loan is a deferred interest-free loan, which must be fully repaid within the first six years of the loan if the borrower sells or vacates the property. After the sixth year, 70% of the loan is forgiven and the remaining 30% of the HOME HELP loan amount is repaid when the loan matures, the property is sold, or is no longer owner-occupied. The major goals of the HOME HELP downpayment and closing cost assistance program are emerging market homeownership and foreclosure remediation through the purchase of vacant homes resulting from foreclosure or purchase of homes located in foreclosure impact areas as designated by a local unit of government. The program supports the goals by providing borrowers with entry cost assistance in declining market conditions and providing funds to bring borrowers housing ratio as close to 30% as possible.

Historical Perspective

The 2003 legislature directed that for the 2008-09 biennium funding for the HAF program be restored to \$1.77 million. Previously, funding for that program had been suspended for FY 2004-05 and 2006-07. The HAF funding remained at \$1.77 million for the 2010-2011 biennium. The short-term impact of the elimination of HAF appropriations resulted in fewer potential homeowners receiving entry cost assistance and the long-term impact results in fewer revolving funds to help future homeowners.

HOME HELP was established in 2008 to provide affordable entry cost assistance to emerging market homeowners and in areas impacted by foreclosure.

Key Program Goals & Measures

The homeownership loan activity advances the agency's strategic priorities of:

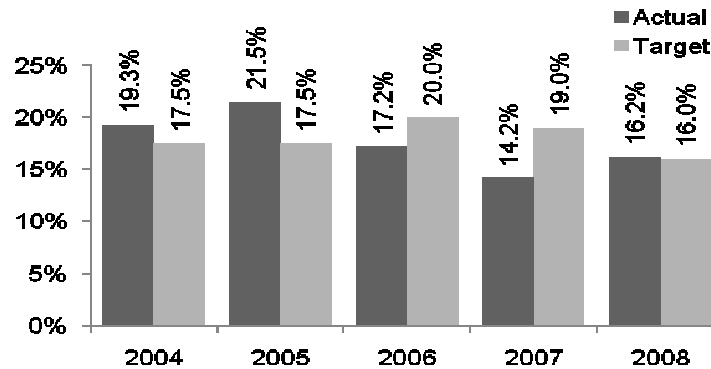
- Financing new affordable housing opportunities; and
- Increasing emerging market homeownership.

The homeownership gap between white, non-Hispanic households and households of color and/or Hispanic ethnicity in 2008 was 31%, placing Minnesota in the top ten states for the largest homeownership gap.

Minnesota Housing is one of three conveners of the public-private Emerging Markets Homeownership Initiative (EMHI) to increase the accessibility of information and resources to communities of color and close the gap in

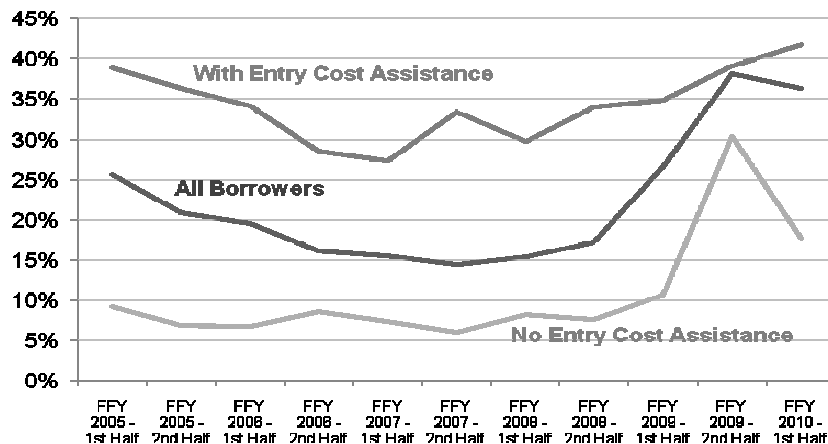
homeownership rates. EMHI participants developed a business plan that calls for 40,000 new emerging markets homeowners by 2012. To help ensure that emerging market households have equal access to mortgage financing and homeownership, Minnesota Housing has made special outreach efforts to these communities. The chart below shows progress over time in the households served and the target for each year. Minnesota Housing's current goal is for at least 17.5 percent of its borrowers to come from emerging markets. Recently, the agency has been very successful in exceeding its goal with more than 35 percent of its borrowers coming from emerging markets.

Emerging Market Households among Minnesota Housing mortgages



Entry cost assistance also helps the agency serve households from communities of color (emerging market households). The chart below presents data showing that households receiving entry cost assistance are much more likely to be from a community of color. Households of color have often faced barriers to homeownership.

Minnesota Housing Homebuyers who are from Emerging Markets



Program Funding

State appropriations for this activity are 2% of Minnesota Housing's General Fund appropriations for FY2010-11.

Contact

Assistant Commissioner of Housing Policy

Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>

HOUSING FINANCE AGENCY

Program: HOMEOWNERSHIP ASSISTANCE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	858	858	1,716
Statutory Appropriations					
Housing Finance Agency	9,717	5,922	4,245	4,245	8,490
Total	9,717	5,922	5,103	5,103	10,206
<u>Expenditures by Category</u>					
Local Assistance	85	30	30	30	60
Other Financial Transactions	9,632	5,892	5,073	5,073	10,146
Total	9,717	5,922	5,103	5,103	10,206
<u>Expenditures by Activity</u>					
Homeownership Assistance	9,717	5,922	5,103	5,103	10,206
Total	9,717	5,922	5,103	5,103	10,206

Program Description

The purpose of the Preservation program area is to strategically preserve the existing affordable housing stock.

Budget Activities

This program includes the following budget activities:

- Homeowner Rehabilitation
- Project Based Rental Assistance
- Rental Preservation and Rehabilitation

HOUSING FINANCE AGENCY

Program: PRESERVATION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	9,952	9,952	19,904
Statutory Appropriations					
Federal Stimulus	3,182	4,018	500	0	500
Housing Finance Agency	193,035	206,629	194,513	194,513	389,026
Total	196,217	210,647	204,965	204,465	409,430
<u>Expenditures by Category</u>					
Payments To Individuals	179,587	182,548	184,107	183,630	367,737
Local Assistance	567	760	723	700	1,423
Other Financial Transactions	16,063	27,339	20,135	20,135	40,270
Total	196,217	210,647	204,965	204,465	409,430
<u>Expenditures by Activity</u>					
Rental Perservation And Rehab	13,696	24,149	16,985	16,985	33,970
Homeowner Rehabilitation	6,376	7,868	4,350	3,850	8,200
Project Based Rental Assistanc	176,145	178,630	183,630	183,630	367,260
Total	196,217	210,647	204,965	204,465	409,430

HOUSING FINANCE AGENCY

Program: Preservation

Activity: Homeowner Rehabilitation

Narrative

Activity at a Glance

In FFY 2009

- 392 households received assistance to rehab or preserve their home;
- average assistance under the Rehabilitation Loan Program for homeowners was \$14,339; and
- Median household income of homeowners was \$13,661.

Activity Description

The Rehabilitation Loan Program assists low-income homeowners in financing basic home improvements that directly affect the safety, habitability, energy efficiency or accessibility of their homes.

Population Served

Low-income homeowners with home improvements needs.

Services Provided

Rehabilitation Loan Program provides deferred loans of up to \$24,999 to very low-income homeowners with annual

incomes of \$20,200 for a household of two (adjusts for household size) for the purpose of correcting health and safety hazards within their homes and improving their homes' habitability, accessibility, and energy efficiency. Loans are forgiven if the borrower does not sell, transfer title, or ceases to occupy the property during the loan term; the borrower no longer lives in the home, or 30 years, whichever occurs first. Repayments are recycled into new loans. Historically, repayments under this program have averaged about \$1 million per year. Loans are distributed through local administrators who are familiar with the local area's needs, typically a Housing and Redevelopment Authority or a Community Action Partnership agency.

Historical Perspective

The funding source for non-amortizing loans for rehabilitation of rental housing was changed this biennium from federal HOME Investment Partnership program funds to state appropriations. The change in funding source was made primarily to simplify the program for both delivery partners and property owners. Therefore, the Rehabilitation Loan Program for homeowners is now funded with federal HOME funds.

Nearly 40% of Minnesota's housing stock was built before 1959. For many low-income homeowners, the lack of funds to maintain their housing is the greatest threat to continued homeownership.

Key Activity Goals & Measures

The homeowner rehabilitation activity advances the agency's strategic priority of preserving existing affordable housing.

Rehabilitation activity has increased recently with the increased emphasis on energy efficiency. Minnesota Housing is pursuing partnership opportunities to improve energy efficiency for low-income homeowners and reduce operating costs at the same time. In 2009, more than half of the improvements made through the rehabilitation loan program for homeowners improved the energy efficiency of the home.

Activity Funding

Due to the recent change in funding sources, the Rehabilitation Loan Program is funded from federal HOME Investment Partnership funds. State appropriations are no longer the funding source.

Contact

Assistant Commissioner of Housing Policy
Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: PRESERVATION

Activity: HOMEOWNER REHABILITATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal Stimulus	3,182	4,018	500	0	500
Housing Finance Agency	3,194	3,850	3,850	3,850	7,700
Total	6,376	7,868	4,350	3,850	8,200
<u>Expenditures by Category</u>					
Payments To Individuals	3,039	3,838	477	0	477
Local Assistance	466	660	503	480	983
Other Financial Transactions	2,871	3,370	3,370	3,370	6,740
Total	6,376	7,868	4,350	3,850	8,200

HOUSING FINANCE AGENCY

Program: Preservation

Activity: Project Based Rental Assistance

Narrative

Activity at a Glance

In FFY 2009:

- \$71,855,949 in Section 8 Housing Assistance payments was disbursed for 12,418 units of rental housing;
- \$98,709,532 in Section 8 Housing Assistance payments was disbursed for 18,134 units of housing for which Minnesota Housing is the contract administrator;
- The median income of the households living in Section 8 units was \$10,509; and
- Every Minnesota County has at least one federally assisted rental project.

Activity Description

This budget activity is one of the key means by which the Minnesota Housing achieves its strategic goal of preserving existing affordable housing. Effective administration of Project Based Rental Assistance and strategically targeting incentives to at-risk units ensures that these homes for people with some of the lowest incomes in the state are preserved.

Effective administration of housing assistance payment contracts on approximately 32,000 units of Section 8 housing is an important strategy employed by Minnesota Housing to preserve federally-assisted housing.

Population Served

Tenants of federally subsidized housing are generally among the lowest income households served by Minnesota Housing.

Services Provided

Minnesota Housing administers three types of housing assistance payment contracts to preserve federally-assisted housing.

Section 8 Traditional Contract Administration (TCA)

Minnesota Housing is the Traditional Contract Administrator (TCA) for project-based Section 8 housing developments whose construction was originally financed by Minnesota Housing. The assistance is in the form of rental subsidies to low- and moderate-income tenants. The tenant pays no more than 30% of his or her income for rent and HUD pays the difference between the tenant's contribution and a rent amount set by contract based on HUD requirements, particulars of financing and development needs. Minnesota Housing's role includes processing tenant data to ensure accurate and timely subsidy payments and processing annual rental adjustments and asset management. The Housing Assistance Payments are committed for the remainder of the mortgage term (originally 30 or 40 years).

Section 8 Performance Based Contract Administration (PBCA)

Minnesota Housing is the Performance Based Contract Administrator (PBCA) for project-based Section 8 housing developments that are not administered either directly by HUD or by Minnesota Housing as TCA. The assistance is in the form of rental subsidies to extremely low to moderate-income tenants. Minnesota Housing has contracted with HUD to perform certain tasks and earns administrative fees in that role. These tasks include: 1) Process tenant data to ensure accurate and timely subsidy payments, 2) Renew Section 8 contracts, 3) Process annual rental adjustments, 4) Perform annual management and occupancy reviews and 5) Respond to tenant and other customer concerns. The Housing Assistance Payments are committed for between one and twenty years, based on HUD approval.

Section 236 Interest Rate Reduction Program

The agency administers Section 236 interest rate reduction payments for 13 rental housing developments throughout Minnesota. The assistance is in the form of a shallow subsidy provided by HUD to lenders to cover the difference between a 1% interest rate and the market rate on a mortgage loan. Tenants must pay a basic rent, which is calculated on the basis of the reduced interest mortgage, or 30% of the tenant's income, not to exceed a market rent, whichever is greater. Tenants of the units covered by the interest-rate subsidy must have incomes at or below 80% of area median income. In general, the low-income use restrictions apply for at least 20 years.

Key Activity Goals & Measures

The preservation activity advances the agency's strategic priority of preserving existing affordable housing. Less than 10% of the developments in the Section 8 program are on the watch-list for the potential to lose the project-

HOUSING FINANCE AGENCY

Program: Preservation

Activity: Project Based Rental Assistance

Narrative

based assistance. Staff work closely with property owners to ensure the project based rental assistance is preserved through timely maintenance and effective administration of the funding.

Activity Funding

The U.S. Department of Housing and Urban Development (HUD) provides funding for project based rental assistance. Funding amounts have been relatively steady in recent years. No state General Fund appropriations are used for this activity.

Contact

Assistant Commissioner of Housing Policy

Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: PRESERVATION

Activity: PROJECT BASED RENTAL ASSISTANC

Budget Activity Summary

	Current		<i>Dollars in Thousands</i> Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Housing Finance Agency	176,145	178,630	183,630	183,630	367,260
Total	176,145	178,630	183,630	183,630	367,260
<u>Expenditures by Category</u>					
Payments To Individuals	176,145	178,630	183,630	183,630	367,260
Total	176,145	178,630	183,630	183,630	367,260

HOUSING FINANCE AGENCY

Program: Preservation

Activity: Rental Preservation and Rehabilitation

Narrative

Activity at a Glance

In FFY 2009:

- 560 federally-assisted housing units were preserved through the Affordable Rental Investment Fund – Preservation (PARIF);
- average assistance per unit was \$10,917 through PARIF; and the
- median household income was \$12,211.
- For every \$1 the agency spends to preserve these housing units, \$5.70 in federal assistance is leveraged.

Activity Description

This budget activity is one of the key means by which the Minnesota Housing Finance Agency achieves its strategic goal of preserving the existing affordable housing stock.

In order to preserve every unit of federally assisted rental housing as is economically feasible, Minnesota Housing provides incentive or rehabilitation loans, or both, for new or existing owners who will commit to staying in the federal assistance program for a longer term. This housing was financed originally with Housing and Urban Development (HUD), Minnesota Housing, or United States Department of Agriculture (USDA) Rural Development programs. No

existing development program – federal, state, or local - can produce housing that is as affordable to residents as the existing stock of federally assisted housing. Preserving this housing costs substantially less per unit than new construction and, in many cases, leverages federal rent or mortgage subsidies well into the future.

Preservation is important because federally assisted housing stock continues to be threatened for three reasons:

- Physical deterioration threatens a significant portion of federally assisted housing.
- Federal policies and requirements and the increasingly frequent changes in these policies and requirements make continued participation in any publicly funded rental housing program less attractive to owners. An increasing number of owners are choosing to opt-out of the programs for estate planning reasons.
- Half of Minnesota's Section 8 housing stock was financed with 20-year mortgages that either have expired or will soon expire. In the future when the economy is expanding again and there is a high demand for rental housing, owners are financially motivated to opt out of their contract at the end of the term and convert to market rate housing.

Population Served

Tenants of federally subsidized housing are generally the among the lowest income households served by Minnesota Housing.

Services Provided

Affordable Rental Investment Fund – Preservation (M.S. Chapter 462A.21, Subd. 8b): The Affordable Rental Investment Fund – Preservation (PARIF) provides 0% deferred loans. The loans are most commonly in the form of preservation loans or loans to cover the costs of rehabilitation. Reservation loans are provided in situations where the development could, in Minnesota Housing's estimation, produce significantly greater revenues from market rents than it does under the federal program.

In exchange for receiving assistance from the state or federal government, rental property owners agree to charge rents that are affordable to lower-income households for all or a portion of their units for a specified period of time, 15 to 40 years depending on the type of assistance. When these contracts expire, the subsidized units are often at risk of converting to market-rate rents. Minnesota Housing preserves rental housing through rehabilitation financing and by extending the commitment to affordability under Federal programs. For every \$1 the agency spends to preserve these housing units, \$5.70 in federal assistance is leveraged. Without these preservation efforts, many more renters would face market-rate rents and be cost burdened. In 2008, 63 percent of renters with a household income below \$50,000 were already spending more than 30 percent of their income on housing.

Rental Rehabilitation Loan Program: The Rental Rehabilitation Loan Program is under revision due to a recent switch in funding sources. The funding source for non-amortizing loans for rehabilitation of rental housing was changed in the FY 2010-2011 biennium from federal HOME funds to state general fund appropriations. The goal of the program is to rehabilitate existing affordable rental housing so that affordability is preserved and low to moderate-income households have access to decent housing that is convenient to jobs, transportation and essential services.

HOUSING FINANCE AGENCY

Program: Preservation

Activity: Rental Preservation and Rehabilitation

Narrative

Historical Perspective

The ARIF - Preservation program has been funded since 1998. The focus of activities has shifted from projects at risk of conversion to market rate housing to projects that are at risk of losing federal assistance due to the physical condition of the aging building. In 2005, the program was expanded to include the preservation of supportive housing. Of the \$20.5 million state preservation appropriation of 2008-09, \$5 million was made available for preservation of federal public housing.

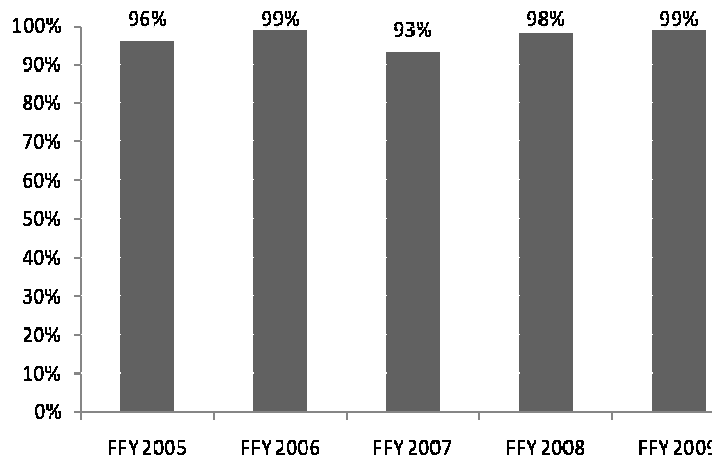
In FY 2010-11, the funding source for the rental rehabilitation loan program was switched from federal HOME Investment Partnership funds provided by the U.S. Department of Housing and Urban Development to state general fund appropriations. Previously, the home owner rehabilitation loan program had been funded out of the state general fund appropriations. The switch in funding sources for the two programs was made primarily to simplify the rental rehabilitation loan program for both delivery partners and property owners

Key Activity Goals & Measures

The preservation activity advances the agency's strategic priority of preserving existing affordable housing. Over the last several years, nearly all the Section 8 units that were at risk of losing their federal assistance were preserved for at least the short term, as shown in the chart below. Minnesota Housing's preservation efforts include: acting as HUD's contract administrator in processing annual renewals of Section 8 contracts, providing deferred loans for acquisition and/or rehabilitation, modifying mortgages to reduce the interest rate, redefining equity, and providing an equity takeout loan.

More than 50,000 units of privately owned, federally assisted rental housing and more than 21,000 units of public housing are in Minnesota. Of those, 14,357 units (including 1,908 public housing units) have received preservation funding to date. Only 23 federally assisted housing developments with 458 units in Minnesota Housing's portfolio have been lost to date. Preservation funds increasingly are being used to address the physical deterioration and/or the diminished owner capacity of federally assisted housing.

Percentage of Section 8 Rental At Risk of Converting to Market-Rate Rents that Were Preserved



Activity Funding

State appropriations for this activity are 18% of the total state general fund appropriations to Minnesota Housing for the FY2010-11 biennium.

Contact

Assistant Commissioner of Housing Policy
Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: PRESERVATION

Activity: RENTAL PERSERVATION AND REHAB

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	9,952	9,952	19,904
Statutory Appropriations					
Housing Finance Agency	13,696	24,149	7,033	7,033	14,066
Total	13,696	24,149	16,985	16,985	33,970
<u>Expenditures by Category</u>					
Payments To Individuals	403	80	0	0	0
Local Assistance	101	100	220	220	440
Other Financial Transactions	13,192	23,969	16,765	16,765	33,530
Total	13,696	24,149	16,985	16,985	33,970

Program at a Glance

In FFY 2009:

- 24,899 households received foreclosure prevention assistance or homebuyer training services;
- Continued funding of six regional advisory groups to promote coordination of planning on a regional basis.
- More than \$10 million awarded to Minnesota Housing through the National Foreclosure Mitigation Counseling Program.
- 16,000 Minnesota households received mortgage foreclosure intervention and loss mitigation counseling assistance.

Program Description

The resident and organizational support program contributes to the Minnesota Housing Finance Agency's ability to achieve its strategic goals. It provides support for some of the organizational infrastructure necessary to effectively deliver affordable housing throughout the state.

This program area funds:

- homebuyer education and foreclosure prevention;
- regional planning and coordinating activities; and
- nonprofit operating costs.

Regional housing dialogues conducted by the agency in 2009 around the state found continued support for maintaining and enhancing local capacity to preserve and produce affordable housing. The State of Minnesota Consolidated Plan for Housing and Community

Development FY 2007-11 also identifies lack of capacity as a barrier to producing affordable housing.

This budget activity contributes to the Minnesota Housing's ability to preserve existing affordable housing by ensuring homeowners at risk of foreclosure receive intervention and counseling assistance.

Population Served

- Homeowners faced with foreclosure and low- and moderate-income first-time homebuyers are served by the resident support activities.
- Nonprofit development organizations are assisted with maintaining or building their capacity to develop affordable housing.
- Regional networks are strengthened in their work on issues of regional planning and coordination.

Services Provided**Homeownership Education, Counseling, and Training Program (M.S. Chapter 462A.209)**

Minnesota Housing, in collaboration with many other organizations, has brought together groups throughout the state, and designed a comprehensive statewide delivery network for homebuyer training and education overseen by the Homeownership Center in St. Paul. The homebuyer network is supported not only by the state but also lending institutions and their foundations. Experienced nonprofit organizations receive grants to provide comprehensive homebuyer training and support on either a pre- or post-purchase basis for low- and moderate-income first-time homebuyers. Funds may be used for either administrative support or program support. Nonfinancial assistance in the form of financial counseling services, screening and assessment, referrals, case management and advocacy is also provided. These services are now available in every county.

Foreclosure prevention counseling has also increased due to the surge in home foreclosures and delinquencies. In collaboration with the Homeownership Center's network, Minnesota Housing provides funding for foreclosure prevention counseling to avoid foreclosure where possible. Nonprofit and community based organizations also provide interest-free loans for homeowners who are faced with foreclosure due to a temporary financial hardship through the Foreclosure Prevention Assistance Program.

Nonprofit Capacity Building Grant program (M.S. Chapter 462A.21, Subd. 3b)

Two primary activities are funded through this program.

- *Regional planning and coordination.* Minnesota Housing funds regional planning and coordination using the six Minnesota Initiative Fund regions and the metropolitan area. Minnesota provides minimal funding for each region to convene Regional Housing Advisory Groups (RHAG) for the purpose of maintaining good communication between Minnesota Housing and the region. The Regional Housing Dialogues conducted in 2009 used this network of RHAGs to promote the discussion events and engage the communities. This type

of collaboration facilitates an effective network within the region between economic development and housing efforts, and facilitating the development of regional Continuum of Care Plans that identify

- existing homeless prevention and assistance programs and services;
- funding and service gaps; and
- priorities for state and federal funding.

All state agency members of the Interagency Task Force on Homelessness use Continuum of Care Plans when making funding decisions. Additional activities include supporting the Homelessness survey by the Wilder Research Center and the implementation of a new streamlined reporting system, HMIS.

- *Operating support for nonprofit developers.* Using both state general fund appropriations and federal funds, Minnesota Housing maintains an operating support program through a system of intermediaries to provide multi-year ongoing operating funds to build nonprofit capacity.

Manufactured Home Relocation Trust Fund (M.S. Chapter 462A.35)

The Minnesota Manufactured Housing Relocation Trust Fund (Trust Fund) was created in 2007 by the Minnesota Legislature to provide participating homeowners in manufactured home parks compensation in the event that all or part of their manufactured home park closes. Each manufactured park owner is assessed \$12.00 per licensed lot. Park owners are authorized to recoup the \$12.00 fee from residents either in a lump sum or as part of the monthly rent. The Act requires park owners to make payments to the Trust Fund when a manufactured housing park is being closed or the land will no longer be used as a manufactured housing park. Payments are made to Minnesota Management and Budget; Minnesota Housing is responsible for processing requests and payment to homeowners.

Historical Perspective

In 2008 the Minnesota Legislature increased the HECAT Mortgage Foreclosure Prevention Assistance program from a cap of \$5,500 to a formula indexed to area median monthly owner costs, which were approximately \$11,500 in the metro area and \$10,200 in greater Minnesota in 2010. The change to an indexed formula was in response to increased monthly housing costs.

In 2008, Minnesota Housing was competitively awarded \$4.33 million through the federal National Foreclosure Mitigation Counseling (NFMC) Program, administered by NeighborWorks, a Neighborhood Reinvestment Corporation approved by HUD. The target clients are owner-occupants of single-family (one- to four-unit) properties that obtained subprime loans, are delinquent on their mortgages, and are at risk of default and foreclosure. The funds support counseling, program related support activities and operational oversight. In three subsequent competitive funding rounds, Minnesota Housing was awarded an additional \$6.5 million. Minnesota Housing has received the third highest amount of assistance for housing finance agencies, behind only California and Pennsylvania. Between the four funding rounds and legal assistance funds, the NFMC program has served 29,000 homeowners in Minnesota by expanding the network from 19 to 74 counselors statewide. Funding is anticipated to run out before Federal Fiscal Year 2012.

The NFMC funds supplement the existing agency program, the Foreclosure Prevention Assistance Program. The program services include foreclosure prevention counseling/advocacy and loan funds. However, given the increase in foreclosures across the state (foreclosures have increased 255% since 2005 with 23,019 sheriff sales in 2009), the agency's counseling resources are insufficient in meeting the need for foreclosure prevention counseling.

Key Program Goals & Measures

The resident and organizational support activity that advances the agency's strategic priorities of:

- Preserving existing affordable housing;
- Increasing emerging market homeownership; and
- Addressing the foreclosure crisis through prevention and recovery.

Strong nonprofit developers play an important role in meeting Minnesotan’s affordable housing needs. Nonprofit developers more heavily emphasize community involvement and take on projects that the private sector finds less viable. One measurement of the strength of the nonprofit developer community is the number of affordable housing units developed.

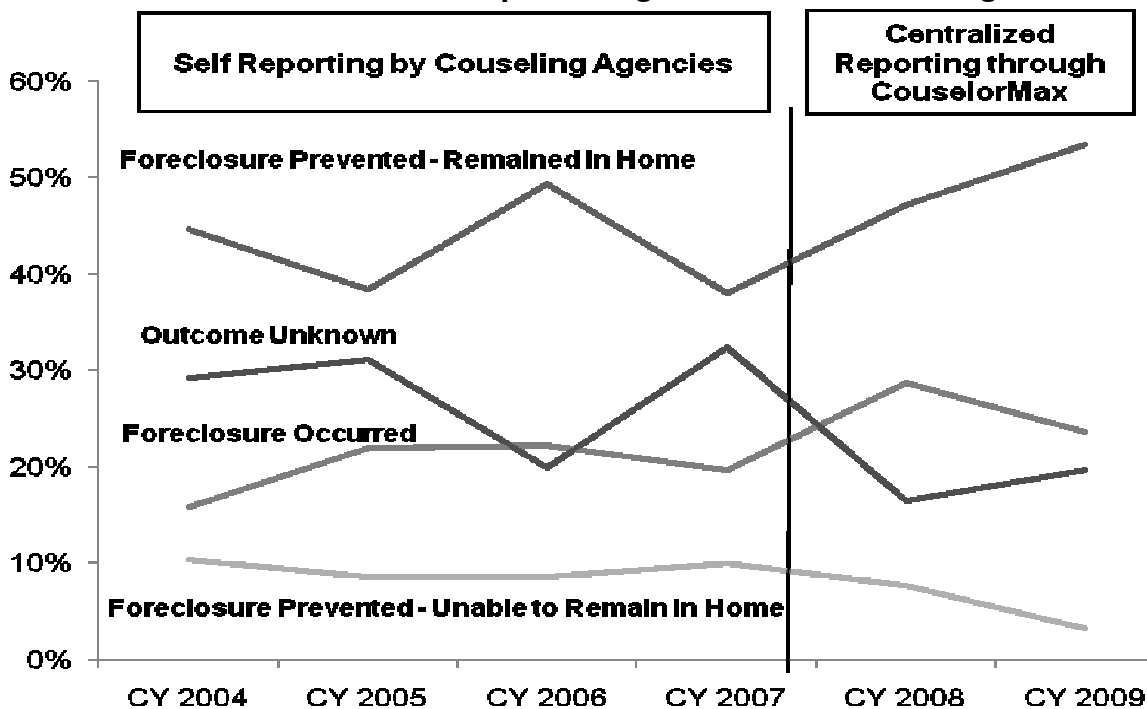
Regional Continuum of Care planning is an essential component of the process of applying for federal funds. In FFY 2009, Minnesota received \$21.045 in McKinney-Vento funds and \$1.3 million in Emergency Shelter Grant funds. These funds assist with the provision of housing and services for homeless households. Minnesota Housing, through its financial support of the Regional Continuum of Care planning process in greater Minnesota, increases the likelihood that federal funding opportunities are maximized.

The Manufactured Home Relocation Trust Fund receipts for Fiscal Year 2009 were \$190,609 from 548 different parks. The number of parks reporting increased by 26%, while the overall portion of residents in reporting parks who made payments to the Trust Fund compared to the previous year had a negligible decrease (less than 1%).

Foreclosure and homebuyer education counseling are both experiencing increased demand. While foreclosures increased 21% from 2008 to 2009, households seeking foreclosure counseling increased 34% over the same time period, with nearly 16,000 households served. Foreclosure was averted in 56% of the closed cases. In homebuyer education and pre-purchase counseling, 514 Home Stretch workshops were attended by 6,400 homebuyers (14% more than in 2008). Eighty-seven percent (87%) of attendees were first-time homebuyers and 77% had incomes below 80% AMI.

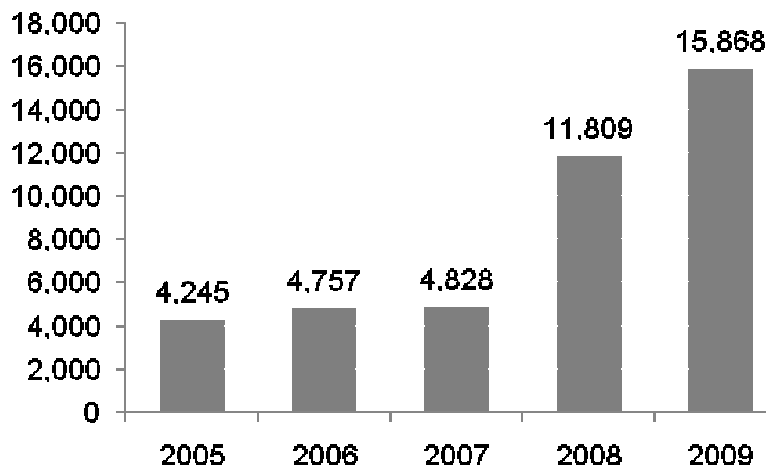
The Homeownership Center and its network of local agencies have achieved substantial success. The chart below shows that over the last several years, roughly 50 percent of clients served have avoided foreclosure and remained in their homes; while 20 percent went through a foreclosure. About ten percent of the households avoided a foreclosure but still lost their home. The remaining 20 percent have had an unknown outcome.

Foreclosure outcomes as a percentage of closed counseling cases



The addition of federal National Foreclosure Mitigation Counseling funding has increased the capacity of the foreclosure prevention counseling network to intervene to assist homeowners at-risk or facing foreclosure. The chart below shows that the number of households in foreclosure prevention counseling increased by 274% between 2005 and 2009.

Foreclosure Prevention Counseling Intervention Through Minnesota Housing Partners



Foreclosure prevention is cost effective. According to an analysis by the Federal Reserve Bank of Minneapolis, foreclosure counseling only costs about \$410 per household. In contrast, according to the Joint Economic Congressional Committee, each foreclosure costs homeowners, neighboring households, lenders, loan servicers, and local governments up to \$80,000.

Program Funding

State appropriations for this activity are 2% of the total state General Fund appropriations to Minnesota Housing for the FY2010-11 biennium.

Contact

Assistant Commissioner for Housing Policy
Phone: (651) 296-9820

For further information, visit Minnesota Housing's website at: <http://www.mnhousing.gov>.

HOUSING FINANCE AGENCY

Program: RESIDENT AND ORGANIZATION SUPP

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	968	968	1,936
Statutory Appropriations					
Housing Finance Agency	8,916	7,391	5,100	5,100	10,200
Total	8,916	7,391	6,068	6,068	12,136
<u>Expenditures by Category</u>					
Payments To Individuals	4,726	3,303	3,326	3,326	6,652
Local Assistance	3,740	3,638	2,242	2,242	4,484
Other Financial Transactions	450	450	500	500	1,000
Total	8,916	7,391	6,068	6,068	12,136
<u>Expenditures by Activity</u>					
Resident And Organization Supp	8,916	7,391	6,068	6,068	12,136
Total	8,916	7,391	6,068	6,068	12,136

Federal Funds Summary

Federal Award Name	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Energy Rebate	No	No	No	3,182	4,018	500	0
HOME	No	No	No	15,288	16,887	10,500	10,500
HOPWA - Housing Opportunities for People With AIDS	No	No	No	112	150	150	150
National Foreclosure Mitigation Counseling	No	No	No	4,919	3,228	3,000	3,000
Neighborhood Initiative Grants	No	No	No	0	198	0	0
Neighborhood Stabilization Program	No	No	No	13,355	24,935	2,500	2,500
Section 8 – Agency Portfolio	No	No	No	76,999	77,000	77,000	77,000
Section 8 – Contract Administration	No	No	No	97,517	100,000	105,000	105,000
Section 236 Interest Reduction	No	No	No	1,629	1,630	1,630	1,630
Section 1602 Tax Credit Exchange	No	No	No	22,079	40,034	10,000	10,000
Tax Credit Assistance Program	No	No	No	11,623	16,811	0	0
Total				246,703	284,891	210,280	209,780

HOUSING FINANCE AGENCY

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Federal Stimulus	36,884	60,863	10,500	10,000	20,500
Housing Finance Agency	199,109	220,058	196,930	196,930	393,860
Other Revenues:					
Housing Finance Agency	40,063	34,990	33,079	33,079	66,158
Other Sources:					
Housing Finance Agency	-6,436	-3,414	-740	-740	-1,480
Total Dedicated Receipts	269,620	312,497	239,769	239,269	479,038
Agency Total Revenue	269,620	312,497	239,769	239,269	479,038

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	4
Change Summary	5
Agency Revenue Summary Fiscal Page	6

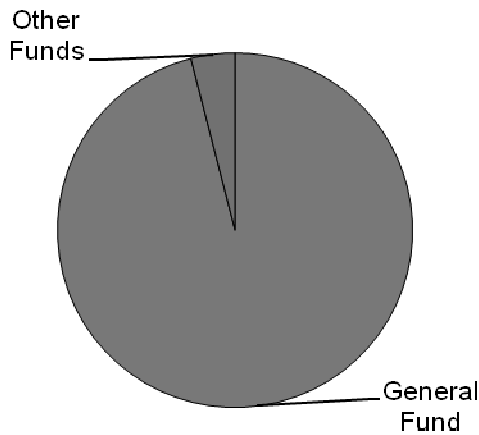
Agency Purpose

The mission of the Department of Human Rights (MDHR) is to make Minnesota discrimination-free. The department pursues this mission through a coordinated program of law enforcement, prevention education, and community-based conflict resolution.

At a Glance

- Approximately 35 FTE's located in the St. Paul Office
- 1.5 FTE's assigned to the St Cloud Regional Office funded by the St. Cloud Regional Human Rights Joint Powers Board
- 747 new charges filed FY 2010
- 699 charges resolved FY2010
- \$744,460 in remedies recovered in FY 2010
- \$422,950 earned from the Federal Equal Employment Opportunities Commission (EEOC) work-share agreement for the General Fund
- 2,090 active state contractors received 8,342 technical assistant contacts
- 217,931 web hits

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Strategies

The department will continue to enforce the Minnesota Human Rights Act, 363A with its threefold strategy to “educate to eliminate” potential respondents on their responsibilities, service grievances in a timely manner and approve and audit state contractors for compliance.

Core Functions:

- develop and oversee statewide human rights policies and programs;
- receive, investigate, and make determinations on charges alleging unfair discriminatory practices;
- monitor state contractor compliance with applicable affirmative action provisions;
- educate to eliminate unfair discriminatory practices;
- develop and disseminate technical assistance to persons subject to the provisions of the Human Rights Act; and
- assess human rights compliance through

voluntary settlement agreements and corrective action plans.

Operations

The department serves a varied customer base. People alleging discrimination, those accused of discrimination, the legal community, and state vendors are the primary customers of the department’s business processes. This customer base includes individuals, school districts, businesses, attorneys, local governments, state agencies, local human rights commissions, landlords, and local and federal human rights enforcement agencies.

The **Enforcement Unit** addresses approximately 4,424 inquiries annually and provides referral, charge drafting, investigation, and mediation services. The Attorney General’s Office provides conciliation services. In FY 2010, of 855 charges drafted, 747 were filed. 785 charges were resolved resulting in the recovery of \$744,500 in remedies. \$446,400 was earned from the investigation of cases cross-filed with the EEOC.

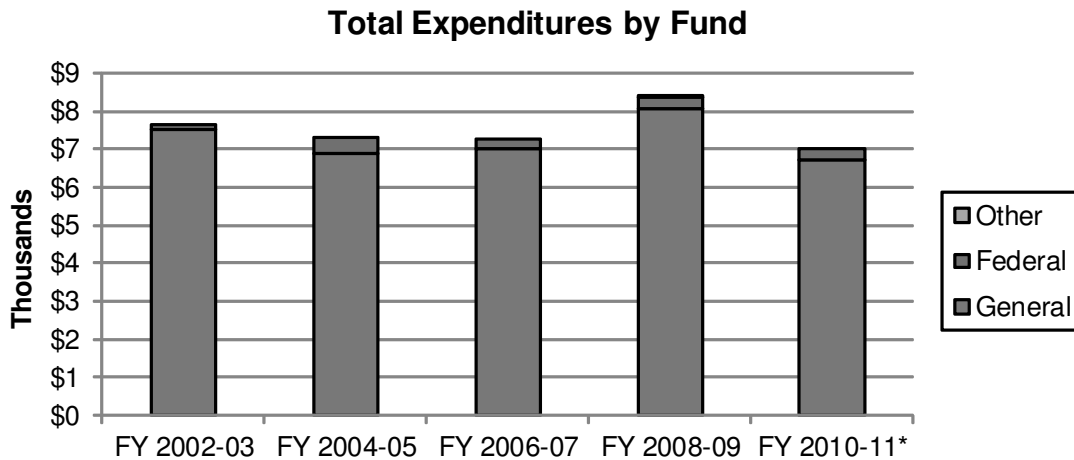
The **Contract Compliance Unit** reviews affirmative action plans of businesses and issues Certificates of Compliance to eligible businesses. The Compliance unit provides consulting services to 2,090 businesses, conducted four “MDHR State-Contractor Showcases”, made 8,342 technical assistance contacts and conducted 68 compliance audits during FY 2010.

The **Education and Program Development Unit** provides residents with varied educational opportunities to eliminate discrimination. These opportunities including community based public forums; local business showcase training; the production of a video series on the protections of the MHRA, which was broadcast in collaboration with public television; and the department’s annual human rights conference supported by attendees representing state and local governments, private industry, foundations and educational agencies. Direct educational contacts at 26 different training and community events surpassed 1,200 people.

Key Activity Goals & Measures

- **Minnesota Milestones statewide goals:** “All people will be welcomed, respected, and able to participate fully in Minnesota’s communities and economy”.
- **Measures**
 - All case determinations within one year. In the last reporting period, 32 cases were over one year.
 - Charges are drafted within the statutory filing period. All charges met the statutory requirement.
 - Conduct 100 audits per year. 100 audits were conducted.
 - Review all Affirmative Action Plans (AAP’s) within 30 days. All were reviewed within 30 days.

Budget Trends Section



* FY 2008-09 includes \$1,002 in one-time funds for the development of a Case Management System, so on-going General Fund spending was \$7,037.

** FY 2010-11 is estimated, not actual.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/26/10.

External factors that the agency faces in the future includes the increase in the number of charges filed as exhibited by the 30% increase in new charges filed during the six-month period ending June 30, 2010 over the preceding six-month period. This resulted in an increase in enforcement officer caseload from 23 to 35. In addition, there is legislative pressure to increase the compliance audit function to audit all state bonding contracts.

Contact

Office of the Commissioner:
 Phone: (651) 296-5663
 Web site: <http://www.humanrights.state.mn.us>

HUMAN RIGHTS DEPARTMENT

Agency Overview

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,386	3,342	3,342	3,342	6,684
Recommended	3,386	3,342	3,341	3,341	6,682
Change		0	(1)	(1)	(2)
% Biennial Change from 2010-11					-0.7%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,312	3,416	3,341	3,341	6,682
Statutory Appropriations					
Miscellaneous Special Revenue	172	637	329	329	658
Federal	0	3	3	3	6
Total	3,484	4,056	3,673	3,673	7,346
 <u>Expenditures by Category</u>					
Total Compensation	2,957	2,891	2,893	2,893	5,786
Other Operating Expenses	527	1,165	780	780	1,560
Total	3,484	4,056	3,673	3,673	7,346
 <u>Expenditures by Program</u>					
Human Rights Enforcement	3,484	4,056	3,673	3,673	7,346
Total	3,484	4,056	3,673	3,673	7,346
 Full-Time Equivalent (FTE)	 40.1	 39.3	 39.3	 39.3	

HUMAN RIGHTS DEPARTMENT

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: GENERAL</i>				
FY 2011 Appropriations	3,342	3,342	3,342	6,684
Technical Adjustments				
Operating Budget Reduction		(1)	(1)	(2)
Subtotal - Forecast Base	3,342	3,341	3,341	6,682
Total Governor's Recommendations	3,342	3,341	3,341	6,682
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	637	329	329	658
Total Governor's Recommendations	637	329	329	658
<i>Fund: FEDERAL</i>				
Planned Statutory Spending	3	3	3	6
Total Governor's Recommendations	3	3	3	6

HUMAN RIGHTS DEPARTMENT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
Miscellaneous Special Revenue	55	51	51	51	102
Grants:					
Miscellaneous Special Revenue	4	169	169	169	338
Federal	325	167	167	167	334
Other Revenues:					
Miscellaneous Special Revenue	130	109	109	109	218
Total Dedicated Receipts	514	496	496	496	992
Agency Total Revenue	514	496	496	496	992

	PAGE
Agency Profile	5
Agency Fiscal Page (Gov Rec)	8
Change Summary	10
Agency Change Items	
⇒ Operating Budget Reduced: Central Office	14
⇒ Restructure Licensing Fees	16
⇒ Licensing Fees For Background Studies	19
⇒ Adoption / Relative Custody Assistance	21
⇒ Fund Growth For MN Food Assistance Prog	23
⇒ CCSA For Vulnerable Children & Adults.....	24
⇒ Reduce MFIP Consolidated Fund.....	25
⇒ Combine & Restructure EGA & EMSA	26
⇒ End Child Support Incentive Grant	27
⇒ End State Community Action Grants	28
⇒ End State FAIM Grants.....	29
⇒ Child Care Assistance Program Changes	30
⇒ BSF Child Care Assistance Underspensing	33
⇒ Increase Child Support Cost Recovery Fee.....	34
⇒ Liquidate SSI-IAR Carryforward Balance.....	35
⇒ Match Supportive Services Expenditures	36
⇒ TANF Refinancing MFIP Childcare.....	37
⇒ Eliminate Delayed 1% DD Waiver Acuity.....	39
⇒ Aging Grant Reduction	40
⇒ Managing Elderly Waiver & Ac Programs.....	41
⇒ Low Needs NF Case Mix	44
⇒ Reduce Certain Congregate Living Rates	46
⇒ Disability Waiver Enrollment Limits.....	48
⇒ Separate EW And NF Rates.....	50
⇒ Reduce Provider Rates & Grants.....	51
⇒ Modify Non-Rate Payments.....	53
⇒ NF And ICF/MR Surcharges.....	54
⇒ Increase MA-EPD Premium And Cost Share.....	56
⇒ Federal Compliance: Program Integrity	59
⇒ Coverage For Dental Therapists.....	61
⇒ MA Electronic Health Record Incentives.....	62
⇒ Leverage Federal System Funding.....	64
⇒ Managed Care Reforms	65
⇒ Evidence-Based Childbirth Program.....	67
⇒ Rehab Service Coverage & PA Changes	69
⇒ Modify Third Party Liability Processes	71
⇒ Modify Communication Device Pricing	72
⇒ Modify Pharmacy Reimbursement Method.....	73

- CONTENTS (Continued)

	PAGE
⇒ Critical Access Dental Payments	75
⇒ Payment Of Medicare Crossover Claims	76
⇒ Suspend Managed Care Incentive Payments	77
⇒ Reduce Basic Care Rates	78
⇒ Reduce Rates For Transportation Services	79
⇒ Maintain Child & Teen Checkup Payments	80
⇒ Delay Inpatient Hospital Rebasing	81
⇒ Reduce PMAP MERC Funding	82
⇒ MA Hospital Surcharge and Payment Rates	83
⇒ Managed Care Surcharge & Payment Rates	84
⇒ End Mncare For Adults Above 200% FPG	85
⇒ Repeal Unapproved MA Bridge Program	86
⇒ Repeal Unapproved Rolling & Grace Month	87
⇒ Repeal Unapproved Mncare Changes	89
⇒ Federal Compliance: Eligibility Changes	91
⇒ Fund Level Change Item: Adjust Transfers Between the HCAF & GF	93
⇒ Tighten CD Tx Placement Criteria	94
⇒ County Share Of CD Treatment Costs	95
⇒ Reduce SOS Mental Health Services	96
⇒ Coverage For Tribal Child Placements	97
⇒ MN Sex Offender Program Growth	98

Programs

Central Office Operations	100
Program Summary	101
Budget Activities	
Finance & Management	104
Budget Activity Summary	111
Children & Families	113
Budget Activity Summary	115
Health Care	116
Budget Activity Summary	119
Continuing Care	120
Budget Activity Summary	122
Chemical & Mental Health	123
Budget Activity Summary	124
Forecasted Programs	127
Program Summary	128
Budget Activities	
MFIP/DWP Grants	131
Budget Activity Summary	133
MFIP Child Care Assistance Grants	134
Budget Activity Summary	136
General Assistance Grants	137
Budget Activity Summary	139

- CONTENTS (Continued)

	PAGE
Minnesota Supplemental Aid Grants	140
Budget Activity Summary	141
Group Residential Housing Grants	142
Budget Activity Summary	144
Minnesotacare Grants	145
Budget Activity Summary	149
GAMC Grants	150
Budget Activity Summary	152
Medical Assistance Grants	153
Budget Activity Summary	167
Alternative Care Grants	169
Budget Activity Summary	171
CD Entitlement Grants	172
Budget Activity Summary	174
Grant Programs	175
Program Summary	176
Budget Activities	
Support Services Grants	178
Budget Activity Summary	180
BSF Child Care Assist Grants	181
Budget Activity Summary	183
Child Care Development Grants	184
Budget Activity Summary	187
Child Support Enforcement Grants	188
Budget Activity Summary	190
Children's Services Grants	191
Budget Activity Summary	193
Children & Community Services	194
Budget Activity Summary	197
Children & Economic Support Grants	198
Budget Activity Summary	200
Refugee Services Grants	201
Budget Activity Summary	202
Health Care Grants	203
Budget Activity Summary	205
Aging & Adult Services Grants	206
Budget Activity Summary	209
Deaf & Hard Of Hearing Grants	210
Budget Activity Summary	213
Disabilities Grants	214
Budget Activity Summary	218
Adult Mental Health Grants	219
Budget Activity Summary	222
Children's Mental Health Grants	223
Budget Activity Summary	224
CD Non-Entitlement Grants	226
Budget Activity Summary	228

- CONTENTS (Continued)

	PAGE
State Operated Services	229
Program Summary	230
Budget Activities	
SOS Mental Health.....	232
Budget Activity Summary	233
Enterprise Services	234
Budget Activity Summary	236
Minnesota Security Hospital.....	237
Budget Activity Summary	238
Sex Offender Program.....	239
Program Summary	241
Budget Activities	
Fiduciary Activities.....	242
Program Summary	243
Technical Activities.....	244
Program Summary	245
Federal Funds Summary	246
Agency Revenue Summary Fiscal Page	281

⇒ Designates that this item is a change item

Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs so they can live in dignity and achieve their highest potential.

At a Glance

Health care programs — FY 2009

- Average monthly enrollment of 707,000
- Medical Assistance — 557,000 people
- MinnesotaCare — 118,000 people
- General Assistance Medical Care — 32,000
- 118,000 health care providers and eight contracted health plans
- 52.3 million health encounters, claims and managed care capitations processed

Economic assistance programs — FY 2009

- Food Support — 315,000 people per month
- Minnesota Family Investment Program and Diversionary Work Program cases — 36,900 families
- General Assistance — almost 20,000 people
- More than 398,000 parents assisted through child support enforcement
- \$629 million in child support payments collected
- 17,700 families received child care assistance for 31,400 children

- About 6,800 children were cared for by adoptive parents or relatives who receive financial assistance and support for children’s special needs.
- 653 children under state guardianship were adopted

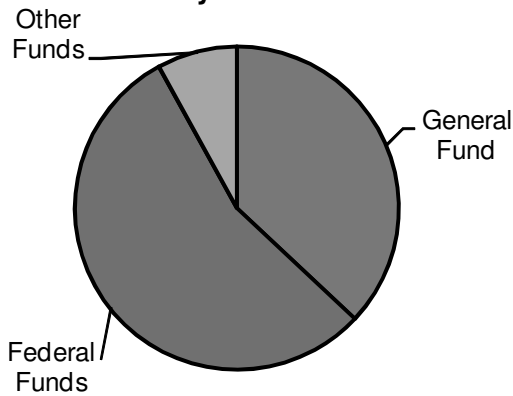
Mental health services – FY 2009

- About 137,658 adults received publicly funded mental health services
- 42,292 children received publicly funded mental health services

Operations

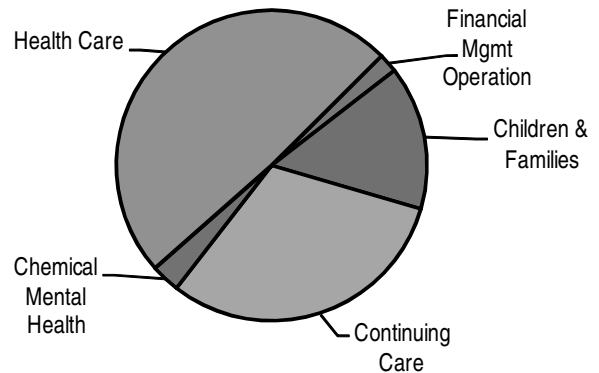
- FY 2010-11 \$8.8 billion general fund budget
- FY 2010-11 \$23.5 billion all funds budget
- 86% of DHS’ general fund budget is spent on health care and long-term care programs and related services
- Approximately 97% of DHS’ budget goes toward program expenditures, with 3% spent on Central Office administration

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement

Est. FY 2010-11 Expenditures by Program



Source: Consolidated Fund Statement

Strategies

Strategies DHS uses to accomplish its mission are:

- Ensuring basic health care for low-income Minnesotans
- Helping Minnesotans support their families
- Aiding children and families in crisis
- Assisting people with chemical and mental health care needs
- Providing direct care services to people with disabilities
- Providing sex offender treatment
- Promoting independent living for seniors

Operations

Health care programs

DHS administers:

- Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, children and parents and people with disabilities;
- MinnesotaCare for residents who do not have access to affordable private health insurance and do not qualify for other programs; and
- General Assistance Medical Care (GAMC), primarily for adults without dependent children.

Across these three programs approximately two-thirds of all enrollees get their care through one of eight contracted health plans.

Economic assistance programs: DHS works with counties and tribes to help low-income families with children achieve economic stability through programs such as the Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP), child support enforcement, child care assistance, food support, refugee cash assistance and employment services.

Child welfare services: DHS works with counties and tribes to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy and productive lives. DHS guides statewide policy in child protection services, out-of-home care and permanent homes for children.

Services for people with disabilities: DHS promotes independent living for people with disabilities by encouraging community-based services rather than institutional care. DHS sets statewide policy and standards for care and provides funding for developmental disability services, mental health services and chemical health services. DHS also provides services for people who are deaf or hard of hearing through its regional offices in Bemidji, Duluth, Mankato, Moorhead, Rochester, St. Cloud, St. Paul, St. Peter and Virginia.

Direct care services: DHS provides an array of treatment and residential services to people with mental illness, chemical dependency, developmental disabilities or acquired brain injury, some of whom may pose a risk to society. These services are provided through programs based in Alexandria, Annandale, Anoka, Baxter, Bemidji, Carlton, Fergus Falls, Rochester, St. Peter, Wadena and Willmar, and through Minnesota State Operated Community Services, which has programs and homes for people with developmental disabilities throughout the state. DHS also provides treatment for people who have been civilly committed as mentally ill and dangerous at Minnesota Security Hospital in St. Peter and for people who are developmentally disabled and present a risk to society at the Minnesota Extended Treatment Options Program in Cambridge.

Sex offender treatment: The Minnesota Sex Offender Program in Moose Lake and St. Peter provides inpatient services and treatment to people who are committed by the court as a sexual psychopathic personality or a sexually dangerous person.

Services for seniors: DHS supports quality care and services for older Minnesotans so they can live as independently as possible. Quality assurance and fiscal accountability for the long-term care provided to low-income elderly people, including both home and community-based services and nursing home care, are key features.

Licensing: DHS licenses about 24,300 service providers, including group homes; treatment programs for people with chemical dependency, mental illness or developmental disabilities; child care providers; and foster care providers. DHS also monitors their compliance with Minnesota laws and rules, investigates reports of possible maltreatment and completes background studies on individuals who provide direct care.

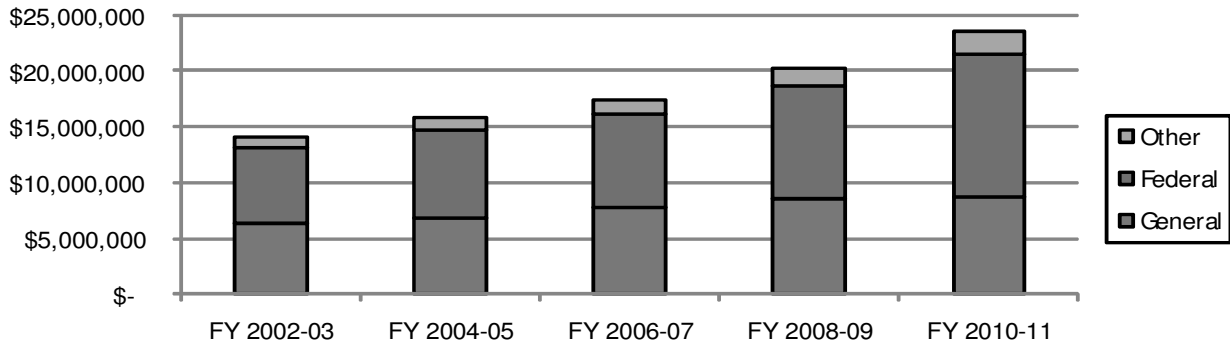
Department operations: DHS has a wide variety of customers and business partners, including the state's 87 counties, 11 tribal governments, 118,000 health care providers and eight contracted health plans. DHS provides significant operational infrastructure to Minnesota's human services programs, most of which are provided at the county level.

DHS' operations support other providers who directly serve Minnesotans. DHS oversees significant computer systems support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims

for publicly funded health care programs; the Social Service Information System (SSIS), an automated child welfare case management system for child protection, children’s mental health and out-of-home placement; and MEC2, the Minnesota Electronic Child Care system.

Budget Trends Section

Total Expenditures by Fund



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS).

The American Recovery and Reinvestment Act of 2009 (ARRA) has temporarily increased federal funding for several programs administered by DHS. The most significant impact of this federal stimulus is that it increased the federal share of spending on the MA health care program from October 2009 to December 2010.¹ As a result, federal funds have replaced \$1.8 billion of state general funds that otherwise would have been spent on MA.

External factors impacting DHS’ operations include: growth in the demand for human services as the economy takes its toll on people at the lower end of the economic ladder, creating additional budget pressures; changing demographics (including longer lifespans, an aging population and growth in immigrant communities and communities of color); growth in health care costs; federal health care reform; federally mandated and state-initiated expansions to health care program eligibility, with increased complexity in program eligibility requirements; significant increases in the complexity of program funding and budgeting rules; accelerated rate of change in computer technology and the movement toward electronic government services for citizens; increased expectations for the use of electronic transfers of funds among DHS business partners; and significant growth in the number of civilly committed sex offenders.

Contact

Minnesota Department of Human Services
 General information: (651) 431-2000
 TTY/TDD: (800) 627-3529
 Office of the Commissioner: (651) 431-2709
 Web site: <http://www.dhs.state.mn.us>

¹ In August 2010 Congress extended an increased federal share of spending on MA for an additional six months, from January 2011 to June 2011. This federal funding is not included in the above chart; it is expected to replace an additional \$230 million of FY2011 state general fund spending on MA.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	4,231,138	4,780,465	4,779,805	4,779,805	9,559,610
Recommended	4,231,138	4,554,052	5,818,801	6,040,917	11,859,718
Change		(226,413)	1,038,996	1,261,112	2,300,108
% Biennial Change from 2010-11					35%
State Government Spec Revenue					
Current Appropriation	565	565	565	565	1,130
Recommended	565	565	3,565	3,565	7,130
Change		0	3,000	3,000	6,000
% Biennial Change from 2010-11					531%
Health Care Access					
Current Appropriation	507,524	389,355	389,355	389,355	778,710
Recommended	507,524	484,374	417,562	458,175	875,737
Change		95,019	28,207	68,820	97,027
% Biennial Change from 2010-11					-11.7%
Federal Stimulus					
Current Appropriation	110,010	0	0	0	0
Recommended	110,010	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
Federal Tanf					
Current Appropriation	284,940	298,491	298,491	298,491	596,982
Recommended	284,940	257,591	275,703	267,273	542,976
Change		(40,900)	(22,788)	(31,218)	(54,006)
% Biennial Change from 2010-11					0.1%
Lottery Cash Flow					
Current Appropriation	1,579	1,582	1,582	1,582	3,164
Recommended	1,579	1,582	1,665	1,665	3,330
Change		0	83	83	166
% Biennial Change from 2010-11					5.3%

HUMAN SERVICES DEPT

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,897,514	4,433,315	5,767,058	5,988,630	11,755,688
State Government Spec Revenue	551	579	3,565	3,565	7,130
Health Care Access	480,630	499,572	413,123	453,736	866,859
Federal Stimulus	109,999	1	0	0	0
Federal Tanf	250,081	257,591	275,703	267,273	542,976
Lottery Cash Flow	1,578	1,583	1,665	1,665	3,330
Statutory Appropriations					
General	6,659	0	0	0	0
Miscellaneous Special Revenue	502,467	448,249	333,700	337,441	671,141
Federal	5,066,581	5,178,827	5,682,119	5,975,374	11,657,493
Federal Stimulus	1,034,942	871,713	12,569	5,434	18,003
Miscellaneous Agency	644,786	663,139	663,644	664,279	1,327,923
Gift	36	79	45	22	67
Revenue Based State Oper Serv	79,804	79,826	79,826	79,826	159,652
Mn Neurorehab Hospital Brainer	7,267	2,073	2,073	2,073	4,146
Dhs Chemical Dependency Servs	20,379	20,256	20,256	20,256	40,512
Materials Distribution	651	750	750	750	1,500
Total	12,103,925	12,457,553	13,256,096	13,800,324	27,056,420
<u>Expenditures by Category</u>					
Total Compensation	487,698	488,041	480,980	479,765	960,745
Other Operating Expenses	300,743	349,317	300,031	302,069	602,100
Capital Outlay & Real Property	155	8	8	8	16
Payments To Individuals	9,808,793	9,948,276	10,824,903	11,384,581	22,209,484
Local Assistance	861,422	1,013,855	987,783	970,875	1,958,658
Other Financial Transactions	645,114	658,056	659,603	660,238	1,319,841
Transfers	0	0	2,788	2,788	5,576
Total	12,103,925	12,457,553	13,256,096	13,800,324	27,056,420
<u>Expenditures by Program</u>					
Central Office Operations	298,318	307,103	286,226	285,233	571,459
Forecasted Programs	9,137,916	9,526,121	10,446,304	11,002,417	21,448,721
Grant Programs	1,189,317	1,086,900	1,014,099	1,000,147	2,014,246
State Operated Services	305,151	317,663	304,144	303,742	607,886
Sex Offender Program	60,891	72,415	72,666	75,662	148,328
Fiduciary Activities	641,288	659,989	660,494	661,129	1,321,623
Technical Activities	471,044	487,362	472,163	471,994	944,157
Total	12,103,925	12,457,553	13,256,096	13,800,324	27,056,420
Full-Time Equivalent (FTE)	6,508.5	6,424.5	6,312.4	6,213.6	

HUMAN SERVICES DEPT

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	4,780,465	4,779,805	4,779,805	9,559,610
Technical Adjustments				
Approved Transfer Between Appr		0	0	0
Current Law Base Change		1,317,714	1,671,242	2,988,956
November Forecast Adjustment	(226,413)	(182,899)	(156,520)	(339,419)
Operating Budget Reduction		(249)	(249)	(498)
Transfers Between Agencies		614	615	1,229
Subtotal - Forecast Base	4,554,052	5,914,985	6,294,893	12,209,878
Change Items				
Operating Budget Reduced: Central Office	0	(4,615)	(4,615)	(9,230)
Restructure Licensing Fees	0	(3,000)	(3,000)	(6,000)
Licensing Fees for Background Studies	0	(1,000)	(1,000)	(2,000)
Adoption / Relative Custody Assistance	0	5,770	7,029	12,799
Fund Growth for Mn Food Assistance Prog	0	333	408	741
CCSA for Vulnerable Children & Adults	0	(10,000)	(12,000)	(22,000)
Reduce MFIP Consolidated Fund	0	(14,000)	(14,000)	(28,000)
Combine & Restructure EGA & EMSA	0	(2,290)	(2,260)	(4,550)
End Child Support Incentive Grant	0	(3,355)	(3,355)	(6,710)
End State Community Action Grants	0	(3,900)	(3,900)	(7,800)
End State FAIM Grants	0	(492)	0	(492)
Child Care Assistance Program Changes	0	(799)	(5,956)	(6,755)
BSF Child Care Assistance Underspending	0	(5,000)	0	(5,000)
Increase Child Support Cost Recovery Fee	0	(519)	(1,100)	(1,619)
Match Supportive Services Expenditures	0	(500)	(500)	(1,000)
TANF Refinancing	0	(14,020)	(14,020)	(28,040)
Eliminate Delayed 1% DD Waiver Acuity	0	(4,481)	(4,481)	(8,962)
Aging Grant Reduction	0	(3,600)	(3,600)	(7,200)
Managing Elderly Waiver & AC Programs	0	(12,273)	(13,791)	(26,064)
Low Needs NF Case Mix	0	(8,413)	(8,880)	(17,293)
Reduce Certain Congregate Living Rates	0	(4,679)	(7,323)	(12,002)
Disability Waiver Enrollment Limits	0	(12,890)	(32,873)	(45,763)
Separate EW and NF Rates	0	(238)	(1,001)	(1,239)
Reduce Provider Rates & Grants	0	(67,635)	(76,796)	(144,431)
Modify Non-Rate Payments	0	(7,926)	(8,883)	(16,809)
NF and ICF/MR Surcharges	0	11,629	12,486	24,115
Increase MA-EPD Premium and Cost Share	0	0	110	110
Federal Compliance: Program Integrity	0	206	185	391
Coverage for Dental Therapists	0	31	89	120
MA Electronic Health Record Incentives	0	319	86	405
Leverage Federal Systems Funding	0	900	1,600	2,500
Managed Care Reforms	0	(18,522)	(72,006)	(90,528)
Evidence-Based Childbirth Program	0	(337)	(848)	(1,185)
Rehab Service Coverage & PA Changes	0	(45)	(936)	(981)
Modify Third Party Liability Processes	0	(108)	(108)	(216)
Modify Communication Device Pricing	0	(124)	(191)	(315)
Modify Pharmacy Reimbursement Method	0	(587)	(635)	(1,222)
Critical Access Dental Payments	0	(2,128)	(3,123)	(5,251)
Payment of Medicare Crossover Claims	0	(10,824)	(32,296)	(43,120)
Suspend Managed Care Incentive Payments	0	(645)	(645)	(1,290)
Reduce Basic Care Rates	0	(1,011)	(1,446)	(2,457)
Reduce Rates for Transportation Services	0	(1,649)	(2,458)	(4,107)
Maintain Child & Teen Check-up Rates	0	(130)	(265)	(395)
Delay Inpatient Hospital Rebasing	0	0	(99,041)	(99,041)
Reduce PMAP MERC Funding	0	(12,808)	(12,808)	(25,616)
MA Hospital Surcharge and Payment Rates	0	61,942	61,495	123,437
Managed Care Surcharge & Payment Rates	0	35,270	67,620	102,890
Federal Compliance: Eligibility Changes	0	15,930	38,332	54,262

HUMAN SERVICES DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Tighten CD Tx Placement Criteria	0	(3,653)	(5,414)	(9,067)
County Share of CD Treatment Costs	0	(4,494)	(4,991)	(9,485)
Reduce SOS Mental Health Services	0	(2,670)	(2,713)	(5,383)
Mn Sex Offender Program Growth	0	2,846	5,842	8,688
Total Governor's Recommendations	4,554,052	5,804,801	6,026,917	11,831,718
Fund: STATE GOVERNMENT SPEC REVENUE				
FY 2011 Appropriations	565	565	565	1,130
Subtotal - Forecast Base	565	565	565	1,130
Change Items				
Restructure Licensing Fees	0	3,000	3,000	6,000
Total Governor's Recommendations	565	3,565	3,565	7,130
Fund: HEALTH CARE ACCESS				
FY 2011 Appropriations	389,355	389,355	389,355	778,710
Technical Adjustments				
Current Law Base Change		(41,805)	12,771	(29,034)
November Forecast Adjustment	95,019	85,582	116,283	201,865
Subtotal - Forecast Base	484,374	433,132	518,409	951,541
Change Items				
Managed Care Reforms	0	(5,310)	(18,928)	(24,238)
Critical Access Dental Payments	0	(603)	(2,207)	(2,810)
Suspend Managed Care Incentive Payments	0	(138)	(138)	(276)
Reduce Basic Care Rates	0	(42)	(112)	(154)
Managed Care Surcharge & Payment Rates	0	4,799	9,273	14,072
End MnCare for Adults Above 200% FPG	0	(10,110)	(23,381)	(33,491)
Repeal Unapproved MA Bridge Program	0	(4,152)	(16,891)	(21,043)
Repeal Unapproved Rolling & Grace Month	0	(1,778)	(8,511)	(10,289)
Repeal Unapproved MnCare Changes	0	(216)	(2,232)	(2,448)
Federal Compliance: Eligibility Changes	0	1,988	2,904	4,892
Tighten CD Tx Placement Criteria	0	(8)	(11)	(19)
Total Governor's Recommendations	484,374	417,562	458,175	875,737
Fund: FEDERAL STIMULUS				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: FEDERAL TANF				
FY 2011 Appropriations	298,491	298,491	298,491	596,982
Technical Adjustments				
Current Law Base Change		(38,228)	(45,790)	(84,018)
November Forecast Adjustment	(40,900)	1,420	552	1,972
Subtotal - Forecast Base	257,591	261,683	253,253	514,936
Change Items				
TANF Refinancing	0	14,020	14,020	28,040
Total Governor's Recommendations	257,591	275,703	267,273	542,976
Fund: LOTTERY CASH FLOW				
FY 2011 Appropriations	1,582	1,582	1,582	3,164
Technical Adjustments				
Current Law Base Change		83	83	166
Subtotal - Forecast Base	1,582	1,665	1,665	3,330

HUMAN SERVICES DEPT

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Total Governor's Recommendations	1,582	1,665	1,665	3,330
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	448,249	332,123	335,341	667,464
Change Items				
Licensing Fees for Background Studies	0	1,000	1,000	2,000
Increase Child Support Cost Recovery Fee	0	550	1,100	1,650
Coverage for Tribal Child Placements	0	27	0	27
Total Governor's Recommendations	448,249	333,700	337,441	671,141
Fund: FEDERAL				
Planned Statutory Spending	5,178,827	5,663,099	5,961,354	11,624,453
Change Items				
BSF Child Care Assistance Underspending	0	5,000	0	5,000
TANF Refinancing	0	14,020	14,020	28,040
Total Governor's Recommendations	5,178,827	5,682,119	5,975,374	11,657,493
Fund: FEDERAL STIMULUS				
Planned Statutory Spending	871,713	12,569	5,434	18,003
Total Governor's Recommendations	871,713	12,569	5,434	18,003
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	663,139	663,644	664,279	1,327,923
Total Governor's Recommendations	663,139	663,644	664,279	1,327,923
Fund: GIFT				
Planned Statutory Spending	79	45	22	67
Total Governor's Recommendations	79	45	22	67
Fund: REVENUE BASED STATE OPER SERV				
Planned Statutory Spending	79,826	79,826	79,826	159,652
Total Governor's Recommendations	79,826	79,826	79,826	159,652
Fund: MN NEUROREHAB HOSPITAL BRAINER				
Planned Statutory Spending	2,073	2,073	2,073	4,146
Total Governor's Recommendations	2,073	2,073	2,073	4,146
Fund: DHS CHEMICAL DEPENDENCY SERVS				
Planned Statutory Spending	20,256	20,256	20,256	40,512
Total Governor's Recommendations	20,256	20,256	20,256	40,512
Fund: MATERIALS DISTRIBUTION				
Planned Statutory Spending	750	750	750	1,500
Total Governor's Recommendations	750	750	750	1,500
Revenue Change Items				
Fund: GENERAL				
Change Items				
Operating Budget Reduced: Central Office	0	(1,615)	(1,615)	(3,230)
Restructure Licensing Fees	0	(2,415)	(2,415)	(4,830)
Licensing Fees for Background Studies	0	(350)	(350)	(700)
Liquidate SSI-IAR Carryforward Balance	0	2,800	0	2,800
Managing Elderly Waiver & AC Programs	0	39	35	74
Low Needs NF Case Mix	0	39	35	74
Reduce Certain Congregate Living Rates	0	158	175	333
Reduce Provider Rates & Grants	0	70	70	140

HUMAN SERVICES DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium 2012-13
		FY2012	FY2013	
NF and ICF/MR Surcharges	0	33,853	34,852	68,705
Increase MA-EPD Premium and Cost Share	0	0	38	38
Federal Compliance: Program Integrity	0	172	190	362
Evidence-Based Childbirth Program	0	49	40	89
Rehab Service Coverage & PA Changes	0	7	82	89
Modify Third Party Liability Processes	0	(38)	(38)	(76)
Modify Pharmacy Reimbursement Method	0	34	30	64
MA Hospital Surcharge and Payment Rates	0	242,118	256,053	498,171
Managed Care Surcharge & Payment Rates	0	132,335	177,952	310,287
End MnCare for Adults Above 200% FPG	0	(603)	(1,408)	(2,011)
Mn Sex Offender Program Growth	0	285	584	869
Fund: STATE GOVERNMENT SPEC REVENUE				
Change Items				
Restructure Licensing Fees	0	3,000	3,000	6,000
Fund: HEALTH CARE ACCESS				
Change Items				
End MnCare for Adults Above 200% FPG	0	(23)	(65)	(88)
Repeal Unapproved MA Bridge Program	0	(178)	(214)	(392)
Repeal Unapproved MnCare Changes	0	(23)	(78)	(101)
Fund: MISCELLANEOUS SPECIAL REVENUE				
Change Items				
Licensing Fees for Background Studies	0	1,000	1,000	2,000
Increase Child Support Cost Recovery Fee	0	550	1,100	1,650
Coverage for Tribal Child Placements	0	27	0	27
Fund: FEDERAL				
Change Items				
BSF Child Care Assistance Underspending	0	5,000	0	5,000
TANF Refinancing	0	14,020	14,020	28,040

HUMAN SERVICES DEPT

Change Item: Operating Budget Reduced: Central Office

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,000)	\$(3,000)	\$(3,000)	\$(3,000)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,000)	\$(3,000)	\$(3,000)	\$(3,000)

Recommendation

The Governor recommends a net reduction of \$3 million in FY 2012 and FY 2013 to the Department of Human Services (DHS) Central Office general fund operating budget. The Governor intends that DHS should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

In order to achieve general fund savings of \$3 million, DHS Central Office Operations must be reduced by \$4.615 million because of the offsetting loss of federal administrative reimbursement (FFP). This recommendation, therefore, represents a 3.5% permanent reduction to DHS base general fund forecast budget for Central Office operations.

Several other proposals included in the Governor's package of recommendations for DHS contain additional operating budget reductions; because those are associated with implementation of the specific proposal, the reductions are tracked within each proposal. Similarly, a few proposals include increases in operations funding; those increases are tracked within the particular proposal that increases the department's administrative responsibilities.

Rationale

The DHS base general fund operating budget is \$131 million for FY 2012 and 2013 and includes amounts budgeted for all budget activities within the department's Central Office operations. To achieve permanent net reductions DHS will reassess operating budgets in the following five budget activities.

- Finance & Management
- Children & Families
- Health Care
- Continuing Care
- Chemical & Mental Health

A net reduction of \$3 million dollars per year requires the department to reduce its Central Office general fund operations by \$4.615 million per year, or 3.5%. This higher budget reduction is necessary because of an "offset" to the department's appropriations. The department earns an average of 35% in federal administrative reimbursement (also known as federal financial participation or FFP) for its Central Office public assistance administrative expenditures. This is non-dedicated revenue that is deposited into the General Fund.

The department will use a variety of strategies to achieve this level of reduction while maintaining its highest priority services. Such strategies may include changes in administrative service levels, staffing reductions, restructuring, and overall operating expense reductions. For preliminary planning purposes half of the reduction is anticipated to be in personnel. DHS will prioritize the use of available resources once it is able to assess the impact of legislative changes on the department's responsibilities and available state and federal appropriations.

The department's management team will put a specific reduction plan in place by the beginning of fiscal year 2012.

Statutory Change: Not Applicable

HUMAN SERVICES DEPT

Change Item: Operating Budget Reduced: Central Office

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(3,000)	(3,000)	(3,000)	(3,000)
Health Care Access Fund						
Other Fund						
Total All Funds			(3,000)	(3,000)	(3,000)	(3,000)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	11	Finance & Management	(4,615)	(4,615)	(4,615)	(4,615)
GF	REV1	Admin FFP @ 35%	1,615	1,615	1,615	1,615
FTEs Requested						
100	11		(27)	(27)	(27)	(27)

HUMAN SERVICES DEPT

Change Item: Restructure Licensing Fees

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(585)	\$(585)	\$(585)	\$(585)
Revenues	0	0	0	0
Other Fund: SGSR				
Expenditures	3,000	3,000	3,000	3,000
Revenues	3,000	3,000	3,000	3,000
Net Fiscal Impact	\$(585)	\$(585)	\$(585)	\$(585)

Recommendation

The Governor recommends a restructuring of the funding mechanism for the Department of Human Services' licensing activities in order to more fully address actual licensing costs and reduce pressure on the state's General Fund. This change will entail moving to more of an enterprise model of funding for licensing activities through increasing licensing fees and utilizing the State Government Special Revenue Fund (SGSRF). This proposal affects approximately 4,000 licensed programs including chemical dependency treatment programs, residential mental health treatment programs, adult day care centers, child care centers, children's residential facilities, and services for people with developmental disabilities that are licensed such as day training and habilitation programs, and DD waiver services providers. The restructuring results in General Fund savings of \$1.17 million for the 2012-2013 biennium.¹

Rationale

Minnesota currently funds most of its state commercial and professional licensing activities using a fee based model. Individuals or businesses being licensed are charged a fee that represents the state's cost of licensing. The result is payment for services by those benefiting from the licensing activity, i.e., those entities being licensed.

With respect to the Department of Human Services Licensing Division, licensure fees collected by the General Fund do not fully cover the General Fund appropriation for licensing. In effect, the General Fund subsidizes a number of human service licensing activities. The Department's goal is to more fully align the funding model for human service licensing with that used by other licensing agencies, i.e., a fee based model.

This proposal moves the Licensing Division to a more fee based model, similar to other state licensing agencies such as Department of Health and the health professional licensing boards. Specifically, this proposal increases licensing fees to recover the actual costs of licensing activities and moves the deposits and appropriation for fee-based activities from the General Fund to the State Government Special Revenue Fund (SGSRF). This model has a number of advantages, including:

- More accurate pricing by licensed businesses and individuals - the payment of state licensing costs by licensed entities themselves rather than the state's General Fund will result in pricing more accurately reflecting the cost of doing business (e.g. the cost of being licensed and associated benefits);
- Greater consistency in funding methodology across state licensing programs; and
- A funding stream which is more closely connected with and addresses changes in human service licensing activities and costs

This proposal relates to those fees that are currently deposited into the General Fund. These include initial application fees and annual license renewal fees. The fees collected do not adequately recover the costs of the licensing activities. Fees collected for these fee-based activities currently total \$2.1 million per fiscal year while the corresponding activities are funded with an appropriation of \$6.5 million per fiscal year. The result is a \$4.4 million shortfall in the fee revenue that would be required to cover the costs of licensing activities. With this proposal the department is recommending that the General Fund continue to fund \$3.5 million for delegated licensing functions, federal Adam Walsh background studies for child foster care, and background studies for DHS directly licensed programs. The remaining \$3 million in costs will be paid with revenues from increased license fees. This will entail increasing licensing fees \$900,000 and adding that to the \$2.1 million already being collected. Under the proposal approximately 80 DHS programs that are currently exempted from license fees would be charged a license fee.

¹ This proposal makes structural changes in funding source but not in funding levels. Annual funding for licensing activities is \$6.5 million. Under the proposal, the Licensing Division would receive \$3.5 million from the General Fund and \$3 million from the SGSRF.

HUMAN SERVICES DEPT

Change Item: Restructure Licensing Fees

Under the proposal, \$2.1 million in revenues from existing licensing fees will be redirected from the General Fund to the SGSRF. License fees will be increased by \$900,000, with those revenues placed in the SGSRF. The new total of \$3 million in license fees will be appropriated to the Licensing Division from the SGSRF instead of from the General Fund. The General Fund saves \$585,000. Collecting an additional \$900,000 in license fees causes an attendant loss of Federal Financial Participation (FFP) of \$315,000. To cover this loss, license holders will pay more in fees than the actual savings to the General Fund: \$585,000 in savings to the General Fund versus \$990,000 cost to license holders (\$900,000 license fees plus \$90,000 for e-licensing 10% surcharge²). The tables below illustrate the structural change in funding.

Current

Licensing Division - Budget \$6.5 million	General Fund Impact	e-licensing surcharge 10%	License holder Impact
License fees collected – General Fund	\$2,100,000	\$210,000	\$2,310,000
General Fund support required on top of license fees	\$4,400,000		
Total Resources (General Fund)	\$6,500,000		
<i>Federal Financial Participation (35%)</i>	<i>\$1,540,000</i>		
<i>General Fund net costs after FFP</i>	<i>\$2,860,000</i>		

Proposal

Licensing Division - Budget \$6.5 million	General Fund Impact	e-licensing surcharge 10%	License holder Impact
License fees collected - SGSRF	\$3,000,000	\$300,000	\$3,300,000
General Fund support required on top of license fees	\$3,500,000		
Total Resources (General Fund & SGSRF)	\$6,500,000		
<i>Federal Financial Participation (35%)</i>	<i>\$1,225,000</i>		
<i>General fund net costs after FFP</i>	<i>\$2,275,000</i>		

Change

Net savings to General Fund vs. existing structure	\$585,000		
New license holder costs vs. existing structure		\$90,000	\$990,000

Key Goals and Measures

Licensing protects the health and safety of children and vulnerable adults by enforcing minimum licensing standards in programs licensed by DHS. Key Licensing Division performance measures related to this proposal are:

- the percentage of directly licensed programs that receive a licensing inspection at least every two years;
- the percentage of licensing complaints that are investigated and closed within 60 days; and
- the percentage of maltreatment investigations in directly licensed programs that are investigated and closed within 60 days.

Statutory Change: Licensure fees specified under Minnesota Statutes, chapter 245A will be adjusted. The statutory reference to where licensing revenues are deposited will be changed, and there will be a rider to appropriate monies out of the SGSRF account to the Licensing Division.

² 10% e-licensing surcharge, not to exceed \$150 per license. This surcharge revenue is dedicated to the OET statewide e-licensing project.

HUMAN SERVICES DEPT

Change Item: Restructure Licensing Fees

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(585)	(585)	(585)	(585)
Health Care Access Fund						
Other Fund - SGSR			0	0	0	0
Total All Funds			-585	-585	-585	-585
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	11	Move of Licensing Funding from GF to SGSR	(3,000)	(3,000)	(3,000)	(3,000)
GF	REV1	FFP Impact (35%)	315	315	315	315
GF	REV2	Move of Licensing Fee Revenue from GF to SGSR	2,100	2,100	2,100	2,100
SGSR	11	Move of Licensing Funding from GF to SGSR	3,000	3,000	3,000	3,000
SGSR	REV2	Move of Licensing Revenue from GF to SGSR	(2,100)	(2,100)	(2,100)	(2,100)
SGSR	REV2	Licensing Fee Increase - Increase Rev to SGSR	(900)	(900)	(900)	(900)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Licensing Fees for Background Studies

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(650)	\$(650)	\$(650)	\$(650)
Revenues				
Other Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	1,000	1,000	1,000	1,000
Net Fiscal Impact	\$(650)	\$(650)	\$(650)	\$(650)

Recommendation

The Governor recommends a restructuring of the funding mechanism for the Department's licensing activities in order to more fully address actual licensing costs and to reduce pressure on the state's General Fund. The net result of the recommended restructuring is a General Fund savings of \$1.3 million for the 2012-2013 biennium.

This proposal affects approximately 4,000 licensed programs including chemical dependency treatment programs, residential mental health treatment programs, adult day care centers, child care centers, children's residential facilities, and services for people with developmental disabilities that are licensed such as day training and habilitation programs, and DD waiver services providers.

Under the proposal, programs directly licensed by DHS will be charged \$20 for each background study that they initiate. These programs currently do not pay any fee for background studies. Under the proposal, the Licensing Division would charge license holders \$20 for each background study that they initiate. The revenue will be placed in a dedicated special revenue fund account to fund licensing activities. The \$20 fee is the same amount charged to other entities under Minnesota Statutes, section 245C.10.

The revenues generated from the background study fee will replace the current \$1 million per year General Fund appropriation to the Licensing Division. Although the General Fund appropriation to Licensing would be reduced by \$1 million, the net fiscal impact to the General Fund would be savings of \$650,000, since there would be a corresponding loss of \$350,000 in federal financial participation (35% FFP). License holders will likely oppose paying a total of \$1 million to save the General Fund \$650,000.

Rationale

The proposal will help reduce pressure on the General Fund and will redirect charges to those programs that initiate the background studies; it is essentially a user fee. It is estimated that approximately 50,000 background studies will be completed each year (50,000 x \$20 = \$1 million).

The department anticipates that fewer studies will be initiated if there is a fee for the background study. For example, if a program has ten candidates for a position, the program may only initiate background studies on its the top five candidates rather than on all of the candidates.

Key Goals and Measures

Conducting background studies protects the health and safety of children and vulnerable adults by preventing individuals with certain disqualifying characteristics from being in positions allowing direct contact. Background studies may also deter individuals with disqualifying characteristics from seeking employment in programs serving children and vulnerable adults when they know that a background study is required.

56,822 background studies were completed in directly licensed programs in FY 2010. 2,377 individuals were found to have disqualifying characteristics; 137 had disqualifying characteristics which are permanent disqualifications.

Statutory Change: M.S. 245C.10

DHS Fiscal Detail for Budget Tracking:

HUMAN SERVICES DEPT

Change Item: Licensing Fees for Background Studies

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(650)	(650)	(650)	(650)
Health Care Access Fund						
Other Fund - Dedicated Revenue			0	0	0	0
Total All Funds			(650)	(650)	(650)	(650)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	11	Reduction in Funding for Background Studies	(1,000)	(1,000)	(1,000)	(1,000)
GF	REV1	Reduction in FFP (35%)	350	350	350	350
DED	11	Dedicated Revenue for Licensing Background Studies (200 fund)	(1,000)	(1,000)	(1,000)	(1,000)
DED	11	Dedicated Revenue Expenditure on Background Studies (200 fund)	1,000	1,000	1,000	1,000
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Adoption / Relative Custody Assistance

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$5,770	\$7,029	\$7,029	\$7,029
Revenues	0	0	0	0
Net Fiscal Impact	\$5,770	\$7,029	\$7,029	\$7,029

Recommendation

The Governor recommends changing the Adoption Assistance (AA) and Relative Custody Assistance (RCA) appropriations to reflect current caseload estimates for the 2012-13 biennium. Sufficient base funding for AA was not provided last session for the 2012-2013 biennium. These programs require an additional appropriation of \$12.799 million from the General Fund for the 2012-2013 biennium. Without sufficient base and forecast funding, adoption assistance for special needs children cannot be provided to 1,562 children next biennium.

Rationale

This proposal will adjust the AA and RCA program appropriations. About \$5.2 million of this increase reflects restoring the base appropriations for the existing caseload. The remaining amount covers caseload growth in the 2012-2013 biennium.

Adoption assistance caseload is expected to increase from an average of 7,532 children in FY 2011 to an average of 7,986 in fiscal 2013. The relative custody assistance caseload is expected to remain relatively stable from an average of 1,930 children in FY 2011 to an average of 1,933 in FY 2013.

Current Program: There were 889 children under state guardianship at the end of 2010. During the year 585 children under state guardianship were adopted. Approximately 475 children experienced a transfer of permanent legal and physical custody to a relative or person significant to the child during that same time period.

- Adoption Assistance. The AA program provides financial assistance to adoptive parents to provide care that may include the purchase of ongoing and specialized services, for special needs children. The AA caseload is changing primarily as a function of the number of children with special needs who have been committed to state guardianship and the state and county success in finding and supporting adoptive families. Federal Title IV-E funding covers half of the assistance payment for about 70% of these children.
- Relative Custody Assistance. Similar to AA, RCA provides monthly financial assistance to a relative or person significant to the child who accepts permanent legal and physical custody, except that the monthly payment is adjusted based on the relative custodian's gross family income. The juvenile court must first determine that it is in the child's best interests to transfer permanent legal and physical custody rather than terminate parental rights. There is little or no difference in the needs of children experiencing a transfer of permanent legal and physical custody in comparison to those experiencing a termination of parental rights. Federal Title IV-E funds are not available for RCA.

Adoptive parents and legal custodians assume parenting responsibility for children who have experienced neglect, physical abuse, or sexual abuse. Many of these children have additional medical issues and often require psychological, medical, educational, and social services. Parents adopting these children have difficulty meeting their special needs without financial and other supports. If parents were not willing to make these children part of their family, many of the children would continue to be wards of the state, and counties would continue to pay for their foster care.

There is a high degree of interactivity among foster care, adoption assistance, and relative custody assistance. Children reside in foster care and other residential treatment facilities during family reunification efforts. The primary permanency options for children who cannot return home are adoption or transfer of permanent legal and physical custody.

Key Goals and Measures

- Increase the percentage of children who gained permanency in fewer than 24 months from the time of latest removal from their home.
- Increase the number of children with a transfer of legal and physical custody to a relative.
- Reduce the number of youth who "age out" of foster care at age 18.

Statutory Change: Rider.

HUMAN SERVICES DEPT

Change Item: Adoption / Relative Custody Assistance

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			5,770	7,029	7,029	7,029
Health Care Access Fund						
Other Fund						
Total All Funds			5,770	7,029	7,029	7,029
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	45	Adoption Assistance	6,571	8,016	8,016	8,016
100	45	Relative Custody Asst	(801)	(987)	(987)	(987)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Fund Growth for Minnesota Food Assistance Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$333	\$408	\$408	\$408
Revenues	0	0	0	0
Net Fiscal Impact	\$333	\$408	\$408	\$408

Recommendation

The Governor recommends additional funding for the Minnesota Food Assistance Program (MFAP) effective July 1, 2011. This will result in additional General Fund expenditures of \$741,000 in 2012-2013 biennium and will permit the continuation of food assistance benefits for approximately 300 people.

Rationale

The Minnesota Food Assistance Program (MFAP) was established in 1998. MFAP provides state funded food assistance for legal non-citizens who do not qualify for federal food benefits because of their citizenship status. The program uses all of the policies, procedures, benefit rates, and eligibility criteria as the federal food support program. MFAP is limited to those eligible non-citizens who are 50 years of age or older. The age limit (50 or older) was part of legislation passed in 2003. Children under the age of 18 who are legal non-citizens are eligible for federal food benefits.

MFAP operates on a fixed appropriation, so the budget for the program is not adjusted when the number of eligible participants increases.

In April 2009 food support benefits were increased under the American Recovery and Reinvestment Act (ARRA) of 2009 (PL 111-5). This increase also applied to MFAP recipients because the program operates under the same policies as federal food support. In addition to the benefit increase, we are seeing an increase in the number of MFAP cases. In FY 2011, we estimate there will be 300 average monthly cases, with monthly payments averaging \$186.

Under current law, the base funding for MFAP in FY 2011 is \$407,000. The 2010 Legislature appropriated an additional \$150,000 for FY 2011 only. Beginning in FY 2012, annual base funding reverts back to \$407,000. Current experience with the program indicates that that level of base funding will not be sufficient to cover the program's ongoing costs. (Current projections are that the program should be funded at \$670,000 in FY 2011, \$740,000 in FY 2012 and \$815,000 in FY 2013 to cover estimated costs.)

Key Goals and Measures

Percent of people in poverty who receive Food Support.

Statutory Change: M.S. chapter 256D.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			333	408	408	408
Health Care Access Fund						
Other Fund						
Total All Funds			333	408	408	408
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	47	Children & Economic Support Grants	333	408	408	408
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: CCSA for Vulnerable Children & Adults

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(10,000)	\$(12,000)	\$(12,000)	\$(12,000)
Revenues	0	0	0	0
Net Fiscal Impact	\$(10,000)	\$(12,000)	\$(12,000)	\$(12,000)

Recommendation

The Governor recommends that the Children and Community Services Act (CCSA) funds be reduced by \$10 million in FY 2012 and \$12 million in FY 2013 and that the remaining funds in the Act be targeted to serve core functions to support vulnerable children and adults. General fund savings of \$22 million are generated for the 2012-2013 biennium.

Rationale

This proposal focuses the Children and Community Services Act on core functions of child and adult protection assessment and services. Revisions to the Act will narrow the Act's policy, set state priorities, measure and report on performance, and target the fund to address the safety of children and adults who come to the attention of the county as a result of a report of maltreatment or who or are otherwise the responsibility of the county. Both family trauma and public costs can be reduced significantly when risk factors are addressed early and families receive the resources they need, with the primary goals being safety, assessment and the services needed to meet the needs of vulnerable children and adults.

In the 2003 session of the legislature, the Children and Community Services Act (CCSA) block grant was created. The grant was primarily child-related, flexible state and federal grants to counties that were consolidated into the grant after being cut by \$25 million in the base. At the time, counties requested that the term "Community" be added as well as language permitting them to use some of the funds for adult services. Over time, however, counties have themselves shifted more and more of the funds toward children's services. The current General Fund base is \$63.814 million per year, which is administered in combination with a statutory annual appropriation of approximately \$32 million in federal Title XX Social Services Block Grant funds.

This proposal refocuses the use of the state funds on core public safety responsibilities, in protecting children and adults at risk of abuse and neglect. Revisions to the Act would continue to provide for performance monitoring and include formula factors based on need.

As a result of previous legislative actions to shift state obligations across state fiscal years, counties receive their entire current calendar year award for CCSA in July of each year. This means that cuts to CCSA in the first year of the biennium impacts the direct planning and budgeting of services provided by counties in their current calendar year.

Statutory Change: M.S. Chapter 256M

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(10,000)	(12,000)	(12,000)	(12,000)
Total All Funds			(10,000)	(12,000)	(12,000)	(12,000)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	46	Children & Community Services Grants	(10,000)	(12,000)	(12,000)	(12,000)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce MFIP Consolidated Fund

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	(14,000)	(14,000)	(14,000)	(14,000)
Revenues	0	0	0	0
Net Fiscal Impact	\$(14,000)	\$(14,000)	\$(14,000)	\$(14,000)

Recommendation

The Governor recommends reducing the TANF appropriation to the Minnesota Family Investment Program (MFIP) Consolidated Fund by \$28 million for the 2012-2013 biennium. This amounts to a 13.4% reduction to the base level of TANF funds available to this activity. This item functions together with the TANF Refinancing change item to create General Fund savings.

Rationale

The consolidated fund was established in 2003, combining a number of support services grants and emergency assistance program funds, to support counties and tribes in providing services to families that receive MFIP/DWP under the federal Temporary Assistance for Needy Families (TANF) plan. Allowable uses of the fund are included in Minnesota Statutes, section 256J.626. Funds may be used to serve families with a minor child, a pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200% for the federal poverty guideline for a family of the applicable size.

Allowable uses include but are not limited to: employment services and work supports, emergency help with short-term nonrecurring shelter and utility needs, transportation needed to participate in work or approved work activities and county administrative costs of staff to deliver employment services, and work supports.

Funds are allocated to counties and tribes based on a formula that considers historic spending and caseload. This reduction would be spread across all 87 counties and tribal employment services. TANF funds would be reduced and refinanced to achieve the General Fund savings.

Statutory Change: Rider.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund						
Health Care Access Fund						
TANF Fund			(14,000)	(14,000)	(14,000)	(14,000)
Total All Funds			(14,000)	(14,000)	(14,000)	(14,000)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
TANF	41	Support Services Grants	(14,000)	(14,000)	(14,000)	(14,000)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Combine & Restructure EGA & EMSA

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(2,290)	\$(2,260)	\$(2,260)	\$(2,260)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,290)	\$(2,260)	\$(2,260)	\$(2,260)

Recommendation

The Governor recommends that the Emergency General Assistance (EGA) and Emergency Minnesota Supplemental Aid (EMSA) programs be combined and the annual allocation for the new program be reduced to \$6.71 million in FY 2012 and \$6.74 million in FY 2013, effective July 1, 2011. This will result in a General Fund savings of \$4.55 million in the 2012-2013 biennium. Roughly 4,500 fewer people per year will receive emergency assistance benefits through the smaller combined program than if funding were to remain at base levels.

Rationale

The combined emergency assistance program will be limited to single persons and childless couples under 200% of the federal poverty guidelines. The purpose of the combined program is to provide eligible recipients with help in paying for emergency needs such as rent, damage deposit and utilities; assistance will be available once in a 12 month period. Funds will be allocated to counties based on a formula adjusted to provide a \$1,000 minimum allocation to smaller counties. Counties would be directed to develop fair and equitable rules for distribution of assistance suited to local needs and priorities.

Current base funding for EGA is \$7.9 million per year and for EMSA is \$1.1 million per year. In FY 2009, approximately 15,400 persons received EGA benefits and 2,075 persons received EMSA.

In FY 2010, appropriations were reduced one-time by \$5.67 million for EGA and by \$733,000 for EMSA. That reduced the number of persons who received benefits that year to approximately 5,500 (EGA) and 700 (EMSA).

Statutory Change: M.S. Chapter 256D

DHS Fiscal Detail for Budget Tracking Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(2,290)	(2,260)	(2,260)	(2,260)
Health Care Access Fund						
Other Fund						
Total All Funds			(2,290)	(2,260)	(2,260)	(2,260)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	23	General Assistance Grants (EGA)	(1,200)	(1,160)	(1,160)	(1,160)
GF	24	MSA Grants (EMSA)	(1,100)	(1,100)	(1,100)	(1,100)
GF	11	Fin & Mgmt (MAXIS)	10			
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: End Child Support Incentive Grant

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,355)	\$(3,355)	\$(3,355)	\$(3,355)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,355)	\$(3,355)	\$(3,355)	\$(3,355)

Recommendation

The Governor recommends the elimination of the state funded child support county incentive grants. This will result in a General Fund savings of \$6.71 million in the 2012-2013 biennium. This proposal will reduce the financial support and incentives for counties to process child support cases.

Rationale

This proposal eliminates all state grants to counties to offset child support administrative costs. Most of these grant funds are incentives and based on county performance in child support activities, with the remainder paid to counties to help with costs associated with implementation of child support guidelines.

Counties currently may earn five state appropriated incentive types, which are listed below, by completing child support case actions on PRISM, the state's computer system for child support enforcement.

- Establishment (\$100 per case)
- Modification (\$100 per case)
- Paternity (\$100 per child)
- Medical Support (\$50 per child on medical assistance)
- Public Assistance (allocation based on public assistance collections)

Counties earn 66% federal financial participation (FFP) on these state funds, so the total reduction to counties from this recommendation could be \$9.87 million per year. Counties, however, could choose to continue funding this activity with county dollars and would then continue to earn FFP on their expenditures. Counties will continue to receive revenue from the child support cost recovery fee.

Statutory Change: M.S. 256.979, 518A.51

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(3,355)	(3,355)	(3,355)	(3,355)
Health Care Access Fund						
Other Fund						
Total All Funds			(3,355)	(3,355)	(3,355)	(3,355)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	44	Child Support Enforcement Grants	(3,355)	(3,355)	(3,355)	(3,355)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: End State Community Action Grants

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,900)	\$(3,900)	\$(3,900)	\$(3,900)
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,900)	\$(3,900)	\$(3,900)	\$(3,900)

Recommendation

The Governor recommends ending the state Community Action Grants effective July 1, 2011. This results in a General Fund savings of \$7.8 million for the 2012-2013 biennium. Loss of the Minnesota Community Action Grant will have varying results across the state. The state funding supports all programs within a community action agency. Loss of state funding does not jeopardize these agencies' federal funding. In 2009, community action agencies served more than 616,000 people and nearly 222,000 poor or low-income families. The full impact on the people served is difficult to project.

Rationale

Minnesota Community Action Grants provide funding to a statewide network of 28 non-profit or public Community Action Agencies (CAAs) and 11 Tribal Governments which offer safety net supports and services that promote economic self-sufficiency to low-income families and individuals.

Minnesota's CAAs reach out to low-income individuals in their communities to address multiple needs through comprehensive approaches and partnerships with other community organizations.

Base funding for Community Action Grants is \$3.9 million per year.

Statutory Change: M.S. 256E.30.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-3,900	-3,900	-3,900	-3,900
Health Care Access Fund						
Other Fund						
Total All Funds			-3900	-3900	-3900	-3900
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	47	Children & Economic Support Grants	-3,900	-3,900	-3,900	-3,900
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: End State FAIM Grants

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$ (492)	\$ 0	\$ (492)	\$ 0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (492)	\$ 0	\$ (492)	\$ 0

Recommendation

The Governor recommends eliminating state funding for the Family Assets for Independence in Minnesota (FAIM) program effective 7/1/11. This results in a General Fund savings of \$492,000 in the 2012-2013 biennium. Each year roughly 1,100 people use this program to initiate savings and other improved financial management skills.

Rationale

FAIM helps low-income people save money to buy homes, start business and further their education as well as strengthen their financial literacy. Every state FAIM dollar draws a federal dollar match, both are used to match savings of program participants. FAIM is part of the national network of Individual Development Account (IDA) providers. The combination of state and federal resources would have helped low income Minnesotans purchase approximately 150 houses, start 100 small business and 125 people would have gone back to school over the next biennium.

In 2009, 1,116 participants increased their savings and financial stability as a result of opening an Individual Development Account (IDA) or other savings account or adding funds to an existing account.

Funding for FAIM is a biennial appropriation with authority to expend funds in either year of the biennium.

Statutory Change: M.S. 256E.35

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(492)	-	(492)	-
Health Care Access Fund						
Other Fund						
Total All Funds			(492)	-	(492)	-
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	47	Children & Economic Support Grants	(492)	-	(492)	-
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Child Care Assistance Program Changes

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$ (799)	\$ (5,956)	\$ (8,047)	\$ (8,004)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$ (799)	\$ (5,956)	\$ (8,047)	\$ (8,004)

Recommendation

The Governor recommends changes in the Child Care Assistance Programs (CCAP) to simplify the program, address program integrity and improve the quality of child care in unregulated child care settings. The net impact of these changes on the General Fund is a savings of \$6.755 million in the 2012-2013 biennium.

Rationale

This proposal makes changes to the Minnesota Family Investment Program/Transition Year (MFIP/TY) and Basic Sliding Fee (BSF) Child Care Assistance Programs that simplify the programs, address program integrity, improve quality of care in unregulated child care settings and reduce costs.

Program Simplification

These proposals reduce costs of the CCAP and help simplify administration for counties.

1. Eliminate payments to child care providers for non-standard hours and payments for activity fees effective September 2012.

Under current law, 55 counties allow a non-standard hour differential which is greater than the standard hourly maximum rate for payments to licensed family and legal non-licensed (LNL) providers who provide services outside normal working hours. Activity fee payments are also allowed under the CCAP for all provider types. These policies are administratively burdensome for counties and not well understood by providers. Elimination would simplify the program and result in savings. Some families would be impacted by increased out of pocket costs, though costs should be minimal in most cases. It is estimated that approximately 65 average monthly MFIP/TY families will be impacted by this change and 90 families who receive BSF child care assistance.

2. Limit the time an adult family member who is not in an authorized activity may be temporarily absent from the home to 60 days, effective April 2012.

Current policy allows a family member who is living away from the family's residence to be considered temporarily absent for an unlimited time period as long as the family indicates that the family member plans to return to the home. The absent family member continues to be counted in the family size and any income that family member receives is included when determining eligibility.

If the absent family member has no income, they continue to be included in the family size, which could result in a lower copayment. Also, if an absent adult family member is considered temporarily absent there is no referral made for collection of child support payments on behalf of the family.

This proposal would allow an absent adult family member who is participating in an authorized activity to continue to be counted as part of the CCAP family, but would remove other absent adult family members from the CCAP family after 60 days. This change will decrease the family size used when determining eligibility, and may result in a referral for child support. This supports CCAP program goals and simplification efforts and reduces the burden on counties to continue to verify the status of absent family members. It is estimated that approximately 10 average monthly MFIP/TY families will be impacted by this change and 9 families who receive BSF child care assistance.

3. Eliminate absent day payments for LNL family child care providers and limit absent day payments to ten days per calendar year for licensed providers and license-exempt centers with no exceptions effective January, 2013.

Current policy allows all providers to be reimbursed for up to ten consecutive days or 25 days total per year, in addition to holidays, if their policy is to charge all families for absences. Exceptions may be granted to allow for unlimited absent days when a medical condition has been documented. This proposal would eliminate payments for absent days to non-licensed family providers. The proposal to limit absent day payments for licensed providers and license exempt centers could impact families who may be asked to pay for the absent days that are no longer reimbursed by CCAP. Child care providers could request payment from the parents for these days.

This proposal simplifies county administration by eliminating the requirement to review and approve or deny documentation and requests for payment for absent days. This change could impact any family receiving child care assistance.

4. Prohibit payments that exceed daily/weekly maximum rates for centers and licensed family providers, and limit payments to LNL providers to no more than 50 hours per week at the maximum hourly rate or ten hours per day at the maximum hourly rate, effective April 2012. Under current law, providers can be paid for care based on the maximum weekly rate plus the maximum hourly rate for hours over 50 per week or care based on the maximum daily rate plus the maximum hourly rate for hours over ten per day. It is estimated that this change would impact approximately 410 average monthly MFIP/TY cases and 400 BSF cases.

Program Integrity

These proposals strengthen program integrity by restricting payments of CCAP in situations that may result in improper payments being made in the program.

1. Prohibit CCAP payments for child care provided by someone who resides in the same residence as the child(ren), effective March 2012. Many other states apply this restriction in payments for child care. The impact of this proposal would be on payments to legal non-licensed and licensed family providers who care for children with whom they reside. It is estimated that this change would impact approximately 100 average monthly MFIP/TY cases and 70 BSF cases.
2. Restrict CCAP payments for child care provided in the child(ren)'s home effective March 2012. Federal regulations require that states must allow for in-home care, but may establish limits on its use. This proposal would allow in-home care only in specific situations. Under current policy, payment for care provided in a child's home is not restricted. Under this proposal, CCAP payments for care in the child's home would be allowed only if: the parent's qualifying activity occurs during times when out-of-home care is not available, the family lives in an area where out-of-home care is not available or the child has verified illness or disability that creates risk or hardship in out-of-home care. It is estimated that this change would impact approximately 500 average monthly MFIP/TY cases and 400 BSF cases.
3. Limit CCAP payments to child care centers that: provide child care services, receive CCAP payments for children and employ either the parent of the child or a person who lives with the child effective January 2013. No savings are estimated for this change in policy. The department does not have data on how many families may be impacted by this change, however it is assumed that providers and families will have time to modify their arrangements before the policy is implemented so no savings could be realized.

Quality Supports

This proposal increases registration requirements for legal non-licensed (LNL) family child care providers, known as Family Friend and Neighbors (FFN).

Currently, FFN providers must pass a criminal background check and counties must inform FFN providers about health and safety resources. This proposal adds a requirement for FFN providers to complete First Aid and CPR training prior to approval for CCAP payments. In addition, upon renewal of a two-year registration period, an FFN

HUMAN SERVICES DEPT

Change Item: Child Care Assistance Program Changes

provider must provide verification of at least eight hours of additional training listed in the Minnesota Center for Professional Development Registry. Training content includes health, safety, nutrition and basic child development information.

The new training requirements would apply to newly registered FFN providers as of 11/1/2011 and would be phased in for existing FFN providers as they renew registrations beginning 1/1/2012. Existing providers would be notified by 10/1/2011 that registration renewals after 1/1/2012 require that the training requirement to be met. FFN providers will need to pay the costs of training. The requirement to attend and pay for training aligns with requirements for licensed providers. The training content and approvals for FFN providers are aligned with the process established for licensed providers but the number of required hours is about one-half as much. (Licensed providers must complete about eight hours annually.) This proposal equates to about eight hours every two years.

The impact of this policy change will be that some FFN providers will choose not to attend training and the family case closes, and others will switch to another FFN provider who is willing to attend training or to a licensed home or center-based option. It is estimated that approximately 1900 average monthly MFIP/TY families will be impacted by this change and 1600 families who receive BSF child care assistance. Counties will have increased documentation requirements when registering providers, but there will be fewer FFN providers to register. For new cases or new provider requests for parents choosing a non-licensed family provider, there may be a delay in authorization when the provider agrees to attend training but has not done so when the registration is submitted.

Statutory Change: Provisions in M.S. chapter 119B, including:
 119B.13, Rule 3400- Subp. 012 and 013) eliminate non-standard hours and activity fee payments
 119B.08, 119B.13 – Limit absent days
 119B.125 increased provider registration requirements.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(799)	(5,956)	(8,047)	(8,004)
Health Care Access Fund						
Other Fund						
Total All Funds			(799)	(5,956)	(8,047)	(8,004)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	22	MFIP Child Care Assistance Grants	(554)	(3,270)	(4,396)	(4,360)
100	42	BSF Child Care Assistance Grants	(413)	(2,686)	(3,651)	(3,644)
100	11	Finance & Mgmt (MAXIS)	168	0	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: BSF Child Care Assistance Underspensing

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(5,000)	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	5,000	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends reducing spending in the Child Care Assistance program by reducing funding for Basic Sliding Fee (BSF) child care assistance in state FY 2012 by the amount estimated to be underspent in calendar year 2010. This results in a one-time savings to the General Fund of \$5 million in the 2012-2013 biennium.

Rationale

The Basic Sliding Fee child care assistance program (BSF) serves families who are low-income (less than 67% of State Median Income), working and/or in school, and who do not receive benefits from the Minnesota Family Investment Program (MFIP). Counties receive BSF allocations for a calendar year, based on a capped appropriation comprised of state and federal dollars.

In calendar year 2010, DHS estimates that approximately \$5 million of the allocation will remain unspent. Under current law, these funds are carried forward to the second year and added to the following year's county allocations. This proposal captures the unspent funds to provide General Fund savings. It is estimated that approximately 490 fewer families would be served through the BSF program under this proposal in 2012.

Statutory Change: Rider

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(5,000)	0	0	0
Health Care Access Fund						
Other Fund - CCDF			5,000			
Total All Funds			0	0	0	0
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	42	BSF Child Care Assistance Grants-Underspensing	(5,000)	0	0	0
DED	REV	BSF Child Care-CCDF Spending	5,000	0	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Increase Child Support Cost Recovery Fee

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$31	\$0	\$0	\$0
Revenues	550	1,100	1,100	1,100
Net Fiscal Impact	\$(519)	\$(1,100)	\$(1,100)	\$(1,100)

Recommendation

The Governor recommends that the child support cost recovery fee be doubled from 1% to 2% of applicable child support collections effective January 1, 2012. This results in a General Fund savings of \$1.619 million in the 2012-2013 biennium.

Rationale

Federal regulations permit states to recover costs incurred in excess of any fees collected to cover administrative costs under the IV-D State Plan. Under current Minnesota law, the state is able to deduct a 1% fee: from child support and maintenance collections sent to nonpublic assistance obligees who are applicants for services; from former assistance obligees who were referred to IV-D by public assistance agencies; and from obligors on nonpublic assistance cases who applied for services. The state share of fees collected is paid to the counties to support their program administration activities.

Under current law, this user fee is paid by the applicant for child support services. If the applicant is the obligee, the fee is subtracted from the total child support collected. If the applicant is the obligor, the fee is added to the total child support obligation.

In FY 2010, approximately \$3.2 million was collected for the 1% fee. The federal government requires states to share child support program income with it; the federal government receives 66% of this revenue. The nonfederal share of the 2010 fees totaled \$1.08 million and was retained and distributed to counties. Fees were collected on 76,000 child support cases, with an average annual fee of \$42.11 per case. There is an annual limit to the amount collected per case which is updated each year and based on the average cost per case for the Minnesota Child Support Program. In calendar year 2011 the cap is \$674/case.

Amending the law to increase the current 1% fee to 2% is estimated to provide new nonfederal share revenues of \$1.1 million. This new revenue will provide General Fund savings through refinancing a reduction in current state costs of administering the program.

The total implementation cost for programming required to implement the change would be \$9,000, of which the state share is approximately \$31,000.

Statutory Change: M.S. 518A.51

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(519)	(1,100)	(1,100)	(1,100)
Total All Funds			(519)	(1,100)	(1,100)	(1,100)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	11	Finance & Management	(550)	(1,100)	(1,100)	(1,100)
100	11	Finance & Management (PRISM)	31	-	-	-
200	11	Finance & Management (PRISM)	550	1,100	1,100	1,100
200	REV	Finance & Management Fee Revenues	(550)	(1,100)	(1,100)	(1,100)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Liquidate SSI-IAR Carryforward Balance

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Transfer In	2,800	0	0	0
Other Fund				
Expenditures	0	0	0	0
Transfer Out	2,800	0	0	0
Net Fiscal Impact	\$(2,800)	\$0	\$0	\$0

Recommendation

The Governor recommends eliminating the FY 2011 carry forward balance in the account used for Supplemental Security Income Interim Assistance Reimbursement (SSI-IAR) programs' advocacy and outreach efforts to help people access Supplemental Security Income (SSI). By canceling this balance to the General Fund, this results in a one-time General Fund savings of \$2.8 million for the 2012-2013 biennium.

Rationale

A balance of \$2.8 million has accumulated in the account used to pay for advocacy and outreach services to people potentially eligible for SSI, a federally-funded program to help aged, blind or people with disabilities who have little or no income. This proposal would eliminate the balance. An estimated \$3.5 million will still be available annually to pay for the advocacy and outreach services.

People receiving General Assistance are required to apply for other benefits such as SSI and to sign an Interim Assistance Agreement which allows the State to be repaid for state-funded assistance if they are approved for SSI. Reimbursements for state-funded assistance are deposited in the General Fund, except the Department is authorized to retain 35% of prior year recoveries for SSI advocacy and outreach services. Receipt and processing of all Interim Assistance reimbursements shifted from counties and was centralized at the State in 2006 resulting in an increase in recoveries.

Statutory Change: Rider.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-2,800			
Health Care Access Fund						
Other Fund				0	0	0
Total All Funds			-2800	0	0	0
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	REV2	Transfer 610 Fund Balance to Gen Fund	-2,800	0	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Match Supportive Services Expenditures

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	500	500	500	500
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$500	\$500	\$500	\$500

Recommendation

The Governor recommends using existing state spending in the Child Care Assistance Program (CCAP) to leverage additional federal Food Stamp Employment and Training (FSET) program funds. This change allows the General Fund to realize a savings of \$1 million in the 2012-2013 biennium.

Rationale

The Federal Food Stamp Employment and Training program provides states with a 50% match for support services provided to eligible food support recipients. The federal FSET funding source requires a 50% state match of eligible expenditures.

In 2005, legislation was passed that required state spending in the MFIP Consolidated Fund of up to \$4.8 million be used as match for federal FSET reimbursement. This provision was extended in the 2010 session and a provision passed requiring state spending in the Child Care Assistance Program (CCAP) also be used as match up to a specified amount. State child care funding is used to meet CCDF and TANF MOE requirements, so any funds used for FSET match would require that the lost MOE be backfilled by another source, such as the Working Family Credit.

This proposal would increase the amount of federal FSET match by \$500,000 each year based on current state expenditures for child care recipients who also receive food support. The U.S. Department of Agriculture, Food and Nutrition Services would need to approve this match.

Key Goals and Measures

Ensure appropriate stewardship of public funds.

Statutory Change: Rider

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(500)	(500)	(500)	(500)
Health Care Access Fund						
Other Fund						
Total All Funds			(500)	(500)	(500)	(500)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	42	FSET Federal Revenue	(500)	(500)	(500)	(500)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: TANF Refinancing MFIP Child Care

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(14,020)	\$(14,020)	\$(14,020)	\$(14,020)
Revenues	0	0	0	0
Other Fund				
Expenditures	14,020	14,020	14,020	14,020
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The governor recommends refinancing general fund spending with federal Temporary Assistance for Needy Families (TANF) funds beginning in FY 2012 by transferring a corresponding amount of TANF funds to the Child Care Assistance program (CCAP). This results in a savings to the general fund of \$28.04 million over the 2012-2013 biennium.

Rationale

Federal law allows states to use up to 30% of TANF block grants to carry out a state program under the Child Care Development Block Grant Act and Title XX of the Social Security Act (Social Services Block Grant). This law allows a transfer of TANF funds to these programs, thus providing a means to refinance TANF. When refinancing is done to create general fund savings, additional state expenditures must be claimed in order to meet a maintenance of effort (MOE) requirement.

Federal TANF law requires that states maintain a certain level of non-federal spending on related activities. This is referred to as TANF maintenance of effort (MOE). Sources of MOE are limited by law and include expenditures on Minnesota Family Investment Program (MFIP) cash assistance, child care assistance, state and county administration, qualifying working family credit expenditures and several other smaller programs.

This proposal would decrease the general fund appropriation for MFIP/Transition Year (TY) child care assistance by \$14 million beginning in FY 2012 to achieve general fund savings. The proposal in turn increases the TANF transfer to the fund to offset the general fund reduction. A portion of child care general fund expenditures are claimed as a source of TANF MOE spending; therefore a reduction in state child care spending would need to be replaced by other eligible MOE spending. To meet TANF MOE requirements beginning in FY 2012, this proposal would amend state law to increase the allowed use of the Working Family Credit as a source of MOE spending by \$14 million beginning in FY 2012. These are existing state expenditures. Federal CCDF law requires that states meet an MOE requirement and meet a match requirement to draw the maximum federal funds. Minnesota would continue to meet these federal requirements.

This refinancing proposal makes accounting changes that would not alter the forecasted nature of, nor eligibility criteria for, MFIP/TY child care assistance. Program recipients would not be affected by this change in financing.

Note: This refinancing also incorporates a \$20,000 per year TANF reduction in the budget recommendations for the Minnesota Department of Health that results from merging funding for TANF evaluation and training for American Indian Tribes and local communities into one evaluation project and joint training.

Statutory Change: Rider

HUMAN SERVICES DEPT

Change Item: TANF Refinancing MFIP Child Care

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(14,020)	(14,020)	(14,020)	(14,020)
Health Care Access Fund						
Other Fund - TANF			14,020	14,020	14,020	14,020
Total All Funds			0	0	0	0
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	22	MFIP/TY Child Care Assistance Grants	(14,020)	(14,020)	(14,020)	(14,020)
TANF	91	Refinance Child Care with TANF	14,020	14,020	14,020	14,020
DED	Rev	Transfer from TANF to MFIP/TY Child Care Assistance Grants	(14,020)	(14,020)	(14,020)	(14,020)
DED	Exp	MFIP/TY Child Care Assistance Grants (TANF Transfer)	14,020	14,020	14,020	14,020
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Eliminate Delayed 1% DD Waiver Acuity

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(4,481)	\$(4,481)	\$(4,481)	\$(4,481)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(4,481)	\$(4,481)	\$(4,481)	\$(4,481)

Recommendation

The Governor recommends eliminating the one percent Developmental Disability (DD) waiver acuity increase payment that current law delays from January 1, 2009, until July 1, 2011. Eliminating this amount from the ongoing waiver forecast base results in a general fund savings of \$8.962 million for the 2012 – 2013 biennium and each subsequent biennium. Eliminating this one percent acuity factor will limit the counties' ability to manage the changing needs of individuals receiving services through the DD waiver.

Rationale

Each year on January 1, a 1% acuity factor is added to the DD waiver allocation for each county to help address the evolving needs of individuals on their existing DD waiver caseloads. Under this proposal, the payment that current law suspends until FY 2012 will not be made, or included in the base allocation. Without this acuity factor, it will be more difficult for counties to be responsive to the ongoing changing needs of the DD waiver recipients. However, counties have adjusted their budgets to accommodate the delay of this acuity factor and counties will continue to receive the ongoing annual 1% acuity factor on January 1 of each year, including January 1, 2011.

Statutory Change: Amend Laws of Minn. 2010, 1st Spec Session, Ch1, Art 15, sec. 3, subd. 6.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(4,481)	(4,481)	(4,481)	(4,481)
Health Care Access Fund						
Other Fund						
Total All Funds			(4,481)	(4,481)	(4,481)	(4,481)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LF	MA Grants - Waivers	(4,481)	(4,481)	(4,481)	(4,481)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Aging Grant Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,600)	\$(3,600)	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,600)	\$(3,600)	\$0	\$0

Recommendation

The Governor recommends a two-year continuation of a \$3.6 million per year reduction to Community Service/Community Services Development (CS/SD) grants for FY 2012 and FY 2013. This results in a one-time general fund savings of \$7.2 million in the 2012-2013 biennium. The Governor also recommends that CS/SD grants awarded in FY 2012 and FY 2013 not be allowed to be used for new construction or building renovation.

Rationale

This reduction is recommended as part of a package of broad-based budget reductions to resolve the existing state deficit. A similar one-time reduction was enacted by the 2010 Legislature.

In 2001, the Legislature passed a set of reforms aimed at rebalancing the state's long-term care system from nursing facilities to home to community-based service options. A major goal of these reform efforts was to increase the availability and adequacy of services to support older adults, and their family caregivers, in their own homes. The CS/SD Grant Program was created to promote the development of these services in communities across the state and to initiate innovative service models.

In the 2008-09 biennium, prior to the reductions DHS awarded a total of 65 CS/SD grants. In the current 2010-11 biennium, where funding has been significantly reduced, DHS awarded a total of 32 grants.

Statutory Change: Rider

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(3,600)	(3,600)	-	-
Health Care Access Fund						
Other Fund						
Total All Funds			(3,600)	(3,600)	-	-
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	53	CS/SD grants	(3,600)	(3,600)	-	-
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Managing Elderly Waiver & AC Programs

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(12,312)	(13,826)	(13,949)	(13,779)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(12,312)	(13,826)	(13,949)	(13,779)

Recommendation

The Governor recommends a variety of actions to reduce expenditures for the Elderly Waiver (EW) and Alternative Care (AC) programs as proposed below. The combined effect of these actions is a General Fund savings of \$26.138 million over the 2012-2013 biennium.

These recommendations, which reduce expenditures for lowest need participants and expand the definition of Case Mix L as well as reduce spending in Customized Living (CL) and 24 hour Customized Living (24 CL), are discussed in detail below. The recommendations will position the state well in transitioning to the new Level of Care criteria for eligibility for Medicaid long-term care services in 2014. Some individuals on the EW and AC programs may be impacted by multiple elements within this proposal. The numbers of individuals impacted by each element are also outlined below.

A. Reduce payments for the most independent/lowest need individuals

1) **Definition of Low Need:** An individual is currently classified as having the lowest need under Case Mix L, assigned if the person has no behavioral, cognitive or clinical monitoring needs, and has no dependency or only one dependency in Activities in Daily Living (ADLs) (excluding toileting, transferring or positioning). This proposal would expand the current criteria for Case Mix L to include individuals with up to 2 ADLs.

- For the Alternative Care program, which currently has a Case Mix L community budget cap of \$593 per month, this change would affect approximately 60 individuals.

2) **Reduce Community Budgets for Low Need EW Individuals:** In EW (and AC), case mix classification is used to establish an individual's monthly community budget amount, which varies by case mix. Currently, the community budget for Case Mix L is the same as that for Case Mix A in EW. This proposal would establish a new case mix budget cap under EW for individuals classified as "L" by reducing the budget cap from approximately \$2,200 per month to \$1,750 per month.

- The community budgets for 436 individuals (7.5% of the Case Mix L population) would be lowered.

B. Reduce spending in Customized Living (CL) and 24 hour Customized Living (24 CL)

1) **Reduce the service rate limit for Customized Living (CL) service for Case Mix L:** Case mix classification is also used to establish the service rate limits for CL and 24 CL. Currently, the service rate limits are the same for Case Mix A individuals and Case Mix L individuals. This proposal would create a new, lower Case Mix L service rate limit for CL.

- The service rate limits for 233 individuals (3.2% of the CL service population) will be impacted.

2) **Reduce rates for component services included under customized living (CL) and 24 hour customized living (24 CL) services.**

This reduction reflects economies of scale that can be expected from staff delivering services to multiple individuals in housing with services settings in comparison to delivering similar services to individuals in scattered locations, as well as the less medicalized nature of specific component services. The commissioner is instructed to reduce current component service rate payments by 10%.

- This is a provider rate reduction.
- 415 people are expected to enter nursing facilities from housing with services settings as a result of this reduction.

3) **Increase criteria for 24 hour Customized Living (24 CL) to better direct this highest cost service to the highest need people.**

Minnesota Statutes, section 256B.0915 includes criteria related to eligibility for 24 hour Customized Living (24 CL) under the Elderly Waiver program. Current criteria¹ includes a dependency in at least 2 ADLs, plus a need for medication management and at least 50 hours per month of planned component services available under the CL/24 CL service definition

This proposal will change the criteria to **require a dependency in at least 3 ADLs** plus a need for medication management and at least 50 hours per month of planned component services (ADLs include bathing, dressing, grooming, walking, or eating when the need exceeds meal preparation, which is not considered an ADL).

Other criteria remain the same. In addition, under this proposal, individuals classified as Case Mix L would no longer be eligible for 24 CL.

Individuals who no longer qualify for 24 CL will be able to access CL services. These individuals' current providers are eligible to continue providing CL services to these individuals.

- 34 individuals (0.36% of the 24 CL service population) will be impacted by this change.

4) **Reduce waiver spending in Customized Living (CL) and 24 hour Customized Living (24 CL) by auditing the rate-setting tool to achieve greater program integrity.**

This proposal is based on the evaluation of nearly 6,000 electronic CL/24 CL rate-setting tools submitted by lead agencies to DHS. Evaluation of the data in the workbooks suggests that savings can be generated by auditing CL component service plans and rates to ensure that non-allowable component services included in individual plans are not included in the bundled rate. Savings estimates are based on 1% of an estimated \$200 million annual spending on this service. Examples of program integrity changes are:

- Auditing "delegated other" service fields in the rates tool that have been used to include non-allowable component services
- Establishing parameters for maximum allowable units of component service(s)
- Clarifying and enforcing current Medicare maximization policy

Funding for 1 FTE, required for EW auditing and policy implementation purposes, is included in the recommendation.

Rationale

Low-need individuals: The individuals described by the criteria outlined above have very few or relatively lower needs for services, and budgets should reflect that lower need. Furthermore, individuals with needs described above overlap with the description of individuals whose needs will no longer meet nursing facility level of care criteria that is effective in 2014 and who will therefore be ineligible for AC or EW at that time.

Customized Living Changes:

Previous legislation related to Customized Living (CL) and 24 hour Customized Living (24 CL) service has focused on:

- Clarifying and limiting allowable component services
- Implementing a standardized rate setting method and tool
- Increasing criteria to access 24 CL.

Provider rate reductions have also been applied to this service, both as part of broader provider rate reductions in 2009 and as a targeted rate reduction to these specific services in 2010.

This service continues to be utilized by nearly 35% of all EW consumers and represents almost 60% of the spending. In order to manage both expenditures and growth in this service, this proposal will further reduce spending on CL and 24 CL under the EW program by reducing component rates, adjusting 24 CL criteria to direct this service to the highest need individuals, and eliminating duplication of payment for services covered by Medicare or Medicaid state plan.

Statutory Change: M.S. 256B.0913, subd. 4; M.S. 256B.0915, subd. 3a, 3e, 3h, 10 and budget implementation rider.

¹ As of January 1, 2011. Other 24 CL criteria include cognitive or behavioral needs, clinical monitoring needs, or a single dependency in toileting, transferring or positioning.

HUMAN SERVICES DEPT

Change Item: Managing Elderly Waiver & AC Programs

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 12	FY 13	FY 14	FY 15
General Fund			(12,312)	(13,826)	(13,949)	(13,779)
Health Care Access Fund						
Other Fund						
Total All Funds			(12,312)	(13,826)	(13,949)	(13,779)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LW	MA Waivers EW E&D	(14,814)	(21,259)	(22,845)	(23,507)
GF	33 LW	MA Waivers LTC	(1,613)	(1,920)	(2,030)	(2,047)
GF	33 LF	MA Grants LTC Facilities	4,392	9,704	11,299	12,158
GF	34	AC - Expand AC Cap	(348)	(417)	(439)	(449)
GF	14	Cont Care Admin	110	101	101	101
GF	REV1	Admin FFP @ 35%	(39)	(35)	(35)	(35)
FTEs Requested						
GF	14	Auditor	1.0	1.0	1.0	1.0

HUMAN SERVICES DEPT

Change Item: Low Needs NF Case Mix

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(8,452)	\$(8,915)	\$(4,655)	\$(188)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(8,452)	\$(8,915)	\$(4,655)	\$(188)

Recommendation

The Governor recommends applying a reduction of 25% of the operating payment rates paid for the lowest case mix categories (PA1 and BC1) of the nursing facility case mix classification system. This will reduce rates paid by or on behalf of 4,000 nursing facility residents, while also positioning the State well to transition to the new Level of Care (LOC) criteria for eligibility for Medicaid long-term care services in 2014. It also represents sound policy, which is to provide a stronger incentive to divert the more independent elderly to the community settings. This proposal would result in a General Fund savings of \$17.367 million over the 2012-2013 biennium.

Rationale

In Minnesota, there are 36 case mix classifications. The case mix classification is assigned based on the results of an assessment called the Minimum Data Set ("MDS"). This proposal reduces the rates paid for those residents classified as a "PA1". This case mix classification falls under the general category "Reduced Physical Functioning". Residents classified in this domain do not require treatments or have a diagnosis specifically identified by the RUG classification system. Rather, the classification is determined based on how much assistance the resident needs with activities of daily living (ADLs). Residents with a PA1 classification are quite independent or can perform activities of daily living with minimal supervision.

A nursing facility resident is classified in the RUG classification BC1 if the federally mandated assessment was not completed and/or submitted more than seven days late. It is important to reduce the BC1 RUG class, the penalty classification, to avoid creating an incentive to submit late assessments in order to achieve a higher RUG payment rate. The proposal creates this incentive by making the BC1 RUG class payment equal to the lowest rate.

This recommendation positions the State well in transitioning to the new Level of Care (LOC) criteria for eligibility for Medicaid long-term care services in 2014. Of those nursing facility residents who would no longer qualify for nursing facility services under the new LOC, all were classified in the PA1 RUG group either at admission or upon re-evaluation of their eligibility at a significant change or first quarterly assessment following admission. Because this proposal affects the same people that will be affected by the LOC criteria that takes effect on January 1, 2014, the savings from this proposal applies only until that date.

Of all nursing facilities, 12.7% of Medicaid days are classified as PA1 and 0.17% as BC1. However, NFII (Boarding Care) facilities have a higher percentage of their days classified as PA1 (34%) and also have a higher percentage of their total days paid by Medicaid (67% vs. 57.8% for all facilities). As a result, this proposal will have a greater impact on the NFII facilities. NFII facilities are not Medicare certified, so all of their days are Medicaid, private pay, or other payment sources such as veteran's benefits or long-term care insurance.

The effect of this proposal on facilities' operating revenues ranges between zero and a reduction of 15.4%. Eighty percent of facilities will receive a reduction of less than 4%. Seventeen facilities will have rate reduction of 6% or greater, 51 between 4% and 6%, 150 between 2% and 4%, 156 between 0.1% and 2%, and six with no revenue loss.

This proposal does provide a disincentive for nursing facilities to serve lower acuity residents who may be better served in a community setting. It is sound policy to provide a stronger incentive to divert the more independent elderly to the community settings. The NFIIs clearly are serving a low acuity population. With perhaps the exception of those beds being used to serve the chronically mentally ill (where other alternatives must first be identified), it is also sound state policy to encourage the downsizing of the NFII industry. The NFIIs commonly

HUMAN SERVICES DEPT

Change Item: Low Needs NF Case Mix

maintain a very high occupancy percentage with average length of stay typically exceeding the nursing facility average length of stay. For this reason, conversion of these residents may be difficult and diversion a more effective approach. Experts in the mental health field maintain there is an access issue for beds serving this population, and until community alternatives become available, we should proceed with caution in affecting the NFIs currently serving the chronically mentally ill. However, most chronically mentally ill (CMI) residents are classified in the behavior domain of the case mix system. Therefore, the CMI facilities have a much lower percentage of their days classified as PA1 and would not be as greatly impacted by a rate reduction to this RUG group.

The recommendation provides funding for one FTE and grant funding. The FTE is to provide program administration to assist nursing facilities in transitioning low need residents back to the community. The grant funding is for the Senior Linkage Line to provide additional community transition support.

Statutory Change: M.S. 256B.441

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(8,452)	(8,915)	(4,655)	(188)
Health Care Access Fund						
Other Fund						
Total All Funds			(8,452)	(8,915)	(4,655)	(188)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	33 LF	NF payment reduction	(8,624)	(9,081)	(4,821)	(354)
100	14	1 FTE for program administration	111	101	101	101
100	REV1	Admin FFP @ 35%	(39)	(35)	(35)	(35)
100	53	Aging Grants	100	100	100	100
FTEs Requested						
100	14	CCA Program Admin	1	1	1	1

HUMAN SERVICES DEPT

Change Item: Reduce Certain Congregate Living Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(4,837)	(7,498)	(11,552)	(11,552)
Revenues	0	0	0	0
Net Fiscal Impact	(4,837)	(7,498)	(11,552)	(11,552)

Recommendation

The Governor recommends reducing costs associated with the CADI, DD and TBI waiver programs by reducing the rates paid to congregate living settings for waiver recipients with lower needs residing there. To achieve savings in this proposal, the dollars available for services for individuals with lower needs living in congregate living arrangement will be reduced on average by 10% in FY 2012 and 2013, and 15% in FY 2014 and 2015. These reductions will be effective October 1, 2011 and will affect approximately 3,600 Home and Community Based Waiver recipients.

In addition, the Governor recommends a small amount of new funding for local planning grants to support alternative service development to: supplant the demand for congregate living settings, provide training and technical assistance to providers, and assist with person-centered planning activity.

This proposal results in a net General Fund savings of \$12.185 million over the 2012-2013 biennium.

Rationale

Minnesota relies heavily on congregate living settings such as corporate foster care and more recently, increasing use of customized living. Services provided in congregate living settings are generally more expensive than other options. While they are an important component of the service system, especially for people with higher needs requiring higher service levels, there are alternative methods of supporting people with disabilities. The recommendation is to reduce the cost of services for individuals identified as having lower needs that are currently living in corporate foster care or customized living settings, and support less costly service arrangements. This reduction may include a reduction or other modification in services received.

People who meet the defined target group are identified as having less intensive disability-related needs than other waiver recipients. Approximately 3,600 current waiver recipients are identified as having less intensive support needs, and living in congregate settings. For DD Waiver recipients, those individuals have limited needs for assistance with self care and no major behavior problems. For other disability waiver recipients, they have minimal needs in medication management, behavior management and instrumental activities of daily living (IADLs) such as meal preparation, laundry and shopping.

To support planning for service reduction or alternative service design, information and technical assistance will be provided to local agencies, training and technical assistance will be available to providers, and local planning grants will assist in finding solutions within the available level of resources. Additionally, there will be continued development of the following support options:

- Enhanced technology options – enhance and expand assistive technology currently available through the home and community-based service waivers to support recipients in more independent settings, and/or as a means for providers to utilize technology to reduce service costs where appropriate and with the informed choice of the recipient,
- Housing Access Services – implement service availability across the state and in all home and community-based service waivers to assist individuals in moving into homes of their own.

The proposal includes one FTE to develop and implement the rate changes and assist with the transition to new models of service. The proposal also includes administrative funding for:

- Provider training on person-centered in-home support options
- Technical assistance for providers in changing business models
- Disability Linkage Line to provide assistance to consumers

Statutory Change: M.S. 256B.092; M.S. 256B.49; and provisions in chapters 245A and 245B

HUMAN SERVICES DEPT

Change Item: Reduce Certain Congregate Living Rates

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(4,837)	(7,498)	(11,552)	(11,552)
Health Care Access Fund						
Other Fund						
Total All Funds			(4,837)	(7,498)	(11,552)	(11,552)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LW	MA Grants - waivers	(5,382)	(8,073)	(11,964)	(11,964)
GF	14	CCA - admin	450	500	250	250
GF	55	Disabilities grants	250	250	250	250
GF	REV1	Admin FFP @ 35%	(158)	(175)	(88)	(88)
GF	11	MMIS	3			
FTEs Requested						
GF	14	Develop and implement rate changes and transition	1.00	1.00	1.00	1.00

HUMAN SERVICES DEPT

Change Item: Disability Waiver Enrollment Limits

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(12,890)	\$(32,873)	\$(33,649)	\$(19,369)
Revenues	0	0	0	0
Net Fiscal Impact	\$(12,890)	\$(32,873)	\$(33,649)	\$(19,369)

Recommendation

The Governor recommends continuing growth limits for the Community Alternatives for Disabled Individuals (CADI), Developmental Disabilities (DD) and Traumatic Brain Injury (TBI) waivers in the Medical Assistance program for FY2012 and FY2013. The proposed growth limits will result in an estimated net General Fund savings of \$45.763 million over the coming biennium. During the 2012-2013 biennium funding will be made available for up to 1,656 new individuals to access a waiver program, but approximately 225 individuals will be admitted to nursing facilities or intermediate care facilities for persons with developmental disabilities (ICF/MR) as a result of these waiver growth limits.

Rationale

As of September 1, 2010, the number of individuals receiving services through each of the disability waivers was:

- 17,538 on CADI
- 15,233 on DD
- 1,638 on TBI

Effective July 1, 2011, this proposal limits growth in the following home and community-based waiver programs:

- Limit CADI waiver growth to 60 diversions and conversions per month through June 30, 2013.
- Limit DD waiver growth to six diversions per month through June 30, 2013.
- Limit TBI waiver growth to three diversions and conversions per month through June 30, 2013.

Any growth or the reuse of waiver dollars that result when individuals leave the waiver programs will be targeted to individuals meeting state home and community based services waiver priorities, as identified in Minnesota Statute sections 256B.092, subd. 12 and 256B.49, subd. 11a. An exception to limited allocations is permitted for the CADI and TBI waivers when there is an approved plan for nursing facility (as defined in Minnesota Statute 62A.46) bed closures for individuals under age 65 who require relocation due to the bed closure. (The limits for the DD waiver do not include ICF/MR conversions.)

The following table summarizes the growth limits that have been in place in the disability waivers since 2004:

Growth Limits Established on HCBS Waivers (Monthly Avg.)										RECOMMENDED	
Waiver	2004	2005	2006	2007	2008	2009 ¹	2010	2011	2012	2013	
CADI¹: Community Alternatives for Disabled Individuals	95	95	95	95	125	125	95	60	60	60	
DD² Developmental Disability	4.17	4.17	4.17	4.17	25	25	15	6	6	6	
TBI¹ Traumatic Brain Injury	12.5	12.5	12.5	12.5	16.7	16.7	12.5	6	3	3	
¹ Limits are based on a state fiscal year. ² Limits are based on a calendar fiscal year.											

Statutory Change: Rider

HUMAN SERVICES DEPT

Change Item: Disability Waiver Enrollment Limits

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(12,890)	(32,873)	(33,649)	(19,369)
Health Care Access Fund						
Other Fund						
Total All Funds			(12,890)	(32,873)	(33,649)	(19,369)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LW	MA LTC Waivers	(17,274)	(47,201)	(49,981)	(28,009)
GF	33 LF	MA-Nursing Facilities	1,090	5,789	7,582	3,772
GF	33 LW	MA/Home Care	3,294	8,539	8,750	4,868
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Separate EW and NF Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(238)	\$(1,001)	\$(3,580)	\$(9,688)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(238)	\$(1,001)	\$(3,580)	\$(9,688)

Recommendation

The Governor recommends managing the growth in Elderly Waiver (EW) expenditures by removing an automatic annual adjustment to EW monthly case mix caps. This approach results in an estimated general fund savings of \$1.239 million over the 2012-2013 biennium. The EW program is projected to serve 30,323 people in FY11 through both managed care and fee-for-service arrangements. The individual budget caps for all EW recipients will be affected by this proposal.

Rationale

The monthly limit for the cost of EW services is based on a client's acuity level (case mix) up to a maximum limit (case mix cap). Under current law, that limit is increased annually by the greater of any legislatively adopted home and community-based service percentage rate increase or the average statewide percentage increase in nursing facility payment rates. As a result, nursing facility rate increases due to rebasing, planned closure rate increases, and nursing facility surcharge increases may all result in automatic increases in the Elderly Waiver limit to include costs that have no relationship to service costs.

Under this recommendation, effective July 1, 2011, the Elderly Waiver monthly case mix caps would only be adjusted when there is a legislatively-adopted home and community-based services percentage rate adjustment.

Statutory Change: M.S. 256B.0915

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(238)	(1,001)	(3,580)	(9,688)
Health Care Access Fund						
Other Fund						
Total All Funds			(238)	(1,001)	(3,580)	(9,688)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Basic Health Care E&D	(212)	(892)	(3,190)	(8,676)
GF	33 LW	MA LTC Waivers and Home Care	(26)	(109)	(390)	(1,012)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce Provider Rates & Grants

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(67,705)	\$(76,866)	\$(81,135)	\$(87,943)
Revenues	0	0	0	0
Net Fiscal Impact	\$(67,705)	\$(76,866)	\$(81,135)	\$(87,943)

Recommendation

The Governor recommends a 4.5% rate reduction to funding for home and community-based long-term care providers and a 4.5% base level reduction to aging and other Continuing Care grants. The Governor also recommends a 2% reduction in nursing facility rates. These proposed reductions result in an estimated General Fund savings of \$144.604 million over the 2012-2013 biennium.

Rationale

Over 350,000 Minnesotans who are elderly or disabled receive some type of assistance from Continuing Care (CC) Medical Assistance-enrolled providers or from state-funded grants to service agencies. These CC providers deliver safety net long-term supportive care in people's homes, communities and residential settings. Grant funding provides a wide array of supports that help people to live more independently.

In the 2010 session, the legislature authorized a 5% rate reduction for customized living services only. Other providers and grants were not subject to the rate reduction in 2010. In 2009, almost all CC providers and non-forecasted grants received a 2.58% reduction, effective July 1, 2009, with the exception of nursing facilities. The providers and grants that received these payment decreases include:

- home and community-based waiver services providers;
- alternative care service providers for elderly persons at risk of nursing home placement;
- intermediate care facilities (ICF/MR) and day training and habilitation settings serving people with developmental disabilities;
- home health agencies, personal care assistance, and private duty nursing;
- consumer support grants;
- semi-independent living skills grants (SILS);
- aging grants;
- information and assistance grants;
- community service/service development grants; and
- family support grants.

Provider rates associated with the above services and grant funding would all receive reductions under this proposal. The reductions proposed for home and community-based provider rates and grants are 4.5% effective July 1, 2011. The 2% reduction to nursing facility rates is also effective July 1, 2011. While EW managed care capitation rates do not change until January 1, 2012, the annualized effect of the rate change will be accounted for when the 2012 EW capitation rate is determined.

Reductions to therapy services, children and adult mental health services and grants, deaf services, HIV/AIDS grants, therapies, EW customized living, and chemical health services are not included in this proposal.

Additional information on Continuing Care and other provider rate changes can be found on the following link.
http://www.dhs.state.mn.us/dhs16_138858

This recommendation includes administrative funding for the department to secure an outside contractor to evaluate the effect of the rate reductions on recipients' ability to access Medical Assistance (MA) long-term care services. Continuing Care providers have not received a rate increase since FY 2009. These proposed reductions are expected to stress provider networks and some providers may leave the MA program as a result. The department is required by federal law to ensure that there continues to be reasonable access to services for MA recipients. Therefore, the department plans to evaluate the impacts of the proposed reductions and to report to the legislature on the effects of rate reductions on the access to LTC services.

Statutory Change: M.S. 256B.5012 and uncodified language

HUMAN SERVICES DEPT

Change Item: Reduce Provider Rates & Grants

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(67,705)	(76,866)	(81,135)	(87,943)
Health Care Access Fund						
Other Fund						
Total All Funds			(67,705)	(76,866)	(81,135)	(87,943)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	33 LW	MA LTC Waivers	(50,273)	(58,851)	(63,072)	(69,041)
100	33 LF	MA LTC Facilities-NF	(6,840)	(7,203)	(7,076)	(6,852)
100	33 LF	Other MA LTC Facilities	(3,461)	(3,756)	(3,723)	(3,689)
100	33 ED	MA Basic E & D	(9,230)	(10,943)	(11,789)	(12,322)
100	33 FC	MA Basic F & C	(16)	(17)	(17)	(17)
100	34	Alternative Care	(1,295)	(1,486)	(1,527)	(1,555)
100	55	Disabilities Grants	(1,364)	(1,540)	(1,670)	(1,728)
100	53	Aging and Adult Srv Grants	(922)	(1,012)	(1,013)	(1,013)
100	14	admin costs	200	200	200	200
100	REV1	Admin FFP @ 35%	(70)	(70)	(70)	(70)
100	33 LW	Interactive effects	1,834	3,443	4,017	3,591
100	33 LW	Remove Customized Living from Reduction effects	3,732	4,369	4,605	4,553
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Modify Non-Rate Payments

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(7,926)	\$(8,883)	\$(9,299)	\$(9,558)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(7,926)	\$(8,883)	\$(9,299)	\$(9,558)

Recommendation

The Governor recommends reducing or eliminating certain types of payments for nursing facilities that are distinct from the operating payment rate. The combined effect of these changes is a savings to the General Fund of \$16.809 million over the 2012-2013 biennium.

Rationale

The payment elements addressed are:

- New planned closure rate adjustments are eliminated.
- New single bed incentives are eliminated.
- Enhanced rates for the first 30 days are reduced from 20% to 10%. This will reduce payment rates for 4,600 admissions (8% of all admissions).
- Bed hold payments are reduced from 60% of the established rate to 30%, and the eligibility test is increased from 93% occupancy to 96%. This will result in about 800 incidents where beds will not be held for hospitalized residents and about 750 incidents where private pay residents will experience savings from the lower rate.
- Payments for single bed rooms for medical necessity are reduced from 11.5% to 5.5%. DHS does not project that this change will result in MA residents losing access to private rooms.

All changes are effective on July 1, 2011.

Statutory Change: M.S. 256B.431, subds. 2r., 32, and 42, M.S. 256B.437, and M.S. 256B.441

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(7,926)	(8,883)	(9,299)	(9,558)
Health Care Access Fund						
Other Fund						
Total All Funds			(7,926)	(8,883)	(9,299)	(9,558)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LF	NF reductions to non-rate payments	(7,929)	(8,883)	(9,299)	(9,558)
GF	11	MMIS programming	3			
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: NF and ICF/MR Surcharges

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$11,629	\$12,486	\$12,315	\$11,943
Revenues	33,853	34,852	33,828	33,229
Net Fiscal Impact	\$(22,224)	\$(22,366)	\$(21,513)	\$(21,286)

Recommendation

Effective July 1, 2011, the Governor recommends an increase of \$635 per year per bed to the nursing home provider surcharge and an additional increase of \$350 effective October 1, 2011. In addition, a rate increase for nursing facilities of \$2.17 would be effective June 1, 2011, and another rate increase of \$1.20 would be effective September 1, 2011. The rate increases also apply for 8,000 private pay residents of nursing facilities. Most facilities will collect sufficient funds from MA and private pay charges to fully cover the cost of the surcharge increase through payment rate increases.

Effective July 1, 2011, the Governor also recommends an increase of \$2,825 per year per bed to the Intermediate Care Facilities for persons with developmental disabilities (ICF/MR) surcharge and an additional increase of \$408 effective October 1, 2011. In addition, a rate increase for ICFs/MR of \$8.36 would be effective June 1, 2011 and another rate increase of \$1.20 would be effective September 1, 2011. The rate increases also apply to private pay residents of ICF/MR facilities (of which there are fewer than ten). Because most facilities have a high occupancy rate, most facilities will be fully paid back for the cost of the surcharge.

The net effect of the proposed changes is a general fund savings of \$44.59 million over the 2012-2013 biennium.

Rationale

The nursing home provider surcharge was legislatively enacted in 1991. Each non-state owned licensed nursing home was required to pay \$500 annually per licensed bed to the state. The surcharge has been increased periodically over the years. In 2002, the surcharge was increased from \$625 to \$990 per licensed nursing home bed per year. The last increase occurred in 2003 when the surcharge was increased from \$990 to \$2,815 per bed. Currently, there are approximately 31,800 nursing facility beds.

The ICF/MR license surcharge was legislatively enacted in 2003 at \$1,040 per year per bed. Each non-state facility is required to pay the surcharge. Currently, there are approximately 1,850 ICF/MR beds.

Under this proposal both surcharge increases provide revenues to the general fund:

- The facility pays the surcharge in monthly installments to the state.
- The revenues are deposited into the general fund as non-dedicated revenue.
- The MA payment rates to nursing homes and ICFs/MR are increased by a per diem amount and applied to MA and private pay residents. The adjustment is similar to the annual amount of the surcharge, allowing for some vacancies and Medicare days. The MA portion of the rate adjustment includes a federal match.
- The state receives federal financial participation (FFP) for legitimate MA expenditures up to what Medicare would theoretically pay. The Department of Human Services completes an "upper limit calculation" annually to determine the difference between the MA rate and this "Medicare upper payment limit" (UPL). This proposal is in compliance with this federal provision.

For nursing homes, the surcharge would be increased by \$635 to \$3,450 per bed effective July 1, 2011, and by \$350 to \$3,800, effective October 1, 2011. In addition, the proposal would increase the MA payment rate to nursing facilities by \$2.17 per resident day, effective June 1, 2011 and by \$1.20 effective September 1, 2011.

The ICF/MR surcharge would increase by \$2,825 to \$3,865 per bed effective July 1, 2011 and by \$408 to \$4,273 per bed, effective October 1, 2011. The per diem rate would increase by \$8.36 per resident day, effective Jun 1, 2011, and by an additional \$1.20, effective September 1, 2011.

Statutory Change: MS 256.9657, 256B.431, 256B.5012

HUMAN SERVICES DEPT

Change Item: NF and ICF/MR Surcharges

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(22,224)	(22,366)	(21,513)	(21,286)
Health Care Access Fund						
Other Fund						
Total All Funds			(22,224)	(22,366)	(21,513)	(21,286)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 LF	NF Cost	8,898	9,728	9,620	9,248
GF	REV	NF surcharge	(28,186)	(29,130)	(28,235)	(27,636)
GF	33 LF	ICF Cost	2,731	2,758	2,695	2,695
GF	REV	ICF Surcharge	(5,667)	(5,722)	(5,593)	(5,593)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Increase MA-EPD Premium and Cost Share

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	0	72	(1,216)	(2,656)
Revenues	0	0	0	0
Net Fiscal Impact	0	72	(1,216)	(2,656)

Recommendation

Effective January 1, 2014, the Governor recommends implementing an increase to the premium and unearned income obligation cost sharing components of the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. While there is a \$72,000 cost in the 2012-2013 biennium, these changes are expected to result in a General Fund savings of \$3.872 million in the 2014-2015 biennium. Approximately 4,979 enrollees per month will be impacted by the premium increase and 7,262 enrollees per month will be impacted by the unearned income obligation increase.

The Governor also recommends making related policy changes in state law to support employment of people with disabilities, removing barriers that prevent Minnesotans with disabilities from integrating into the workforce through changes to a Disability Linkage Line section of state statute, and a report to examine employment outcomes.

Rationale

The State of Minnesota, as part of a nationwide effort to remove barriers to community living for people with disabilities, is committed to:

- 1) Encouraging all working age people with disabilities to be competitively employed; and
- 2) Removing barriers that prohibit Minnesotans with disabilities from integrating into the workforce.

Since 2001, Minnesota has leveraged federal Medicaid Infrastructure Grant funds to decrease barriers to employment and improve employment outcomes of Minnesotans with disabilities. Minnesota's grant, [Pathways to Employment](#), has provided policy and program support to the Medicaid Buy-In Program (MA-EPD), developed policies that focus on employment in community integration and consumer-directed initiatives, and worked within DHS and with partner agencies to generate ongoing support of employment of people with disabilities. The federal grant funding for Pathways to Employment ends in December, 2011.

This recommendation recognizes that the State of Minnesota has the opportunity to integrate the expectation of employment into current transformational activities. DHS can provide person-centered resources and tools to decrease barriers so that people with disabilities receive the health care and services they need to live in the community, enjoy life and are well informed about their employment options.

Discussion of Recommendation:

I. MA-EPD Cost Share Increases

The MA-EPD program was implemented in 1999 with predominantly manual processing of many of the legislated eligibility functions, such as premium billing and collection, late payment plans and notification to enrollees nearing age 65. Since 1999, operational and administrative costs for the MA-EPD program have been supported by federal Medicaid Infrastructure Grant (MIG) funds from the Centers for Medicare and Medicaid Services. This grant funding is scheduled to end December 31, 2011. One FTE is recommended to complete MA-EPD administrative functions beginning in FY 2013 when federal MIG funding is no longer available.

Since 2004, no changes have been made to the premium structure or unearned income obligation for MA-EPD enrollees though the cost of care continues to increase. The implementation of a \$35 minimum premium in January of 2004 resulted in a slight increase in the average monthly earned income of MA-EPD enrollees (\$487 in 2003; \$510 in 2004). It is anticipated that a further increase in cost sharing may provide an incentive for MA-EPD enrollees to work more.

A. Premium.

- i. Change: Increase the minimum monthly premium required for MA-EPD enrollees. Current: \$35 minimum; Proposed: \$65.

- ii. Impact: All enrollees (est. 7,200 in October 2010) are required to pay a premium. Increasing the minimum monthly premium to \$65 would generate increased revenue of an estimated \$235,830 in FY 2014 (6 mo.) and \$471,660 annually beginning in FY 2015. These estimates represent the state share only, calculated at 50% of generated revenue.

B. Unearned Income Obligation (UIO).

- i. Change: Increase the unearned income obligation. Current: .5%; Proposed: 5.0%
- ii. Impact: As of October 2010, half of all enrollees (50% or approximately 3,630 enrollees) had unearned income above \$1,000 per month. Almost all enrollees (95%, or approximately 6,910 enrollees) are enrolled in SSDI and receive income supports. Increasing the UIO to 5.0% would generate increased revenue of an estimated \$1.1 million in FY 2014 (6 mo.) and \$2.2 million annually beginning in FY 2015. These estimates represent the state share only, calculated at 50% of generated revenue.

Neither of these recommended changes can be implemented prior to January 1, 2014 due to Medicaid maintenance of effort provisions in federal law (Pub.L. 111-148, Pub.L. 111-152).

II. Making Work Part of the Plan – Benefits Planning System

Disability Benefits 101 (DB101) is an employment planning tool which exists within the Disability Linkage Line (DLL) and offers real time access to benefits planning via phone, online, email or in person. DB101 is a fast, efficient way for people receiving disability benefits (and those who serve them) to learn how work may impact benefits, set employment goals, connect to help, and create plans to increase their independence and income through employment.

A. DLL Policy changes. MIG funds have been used to support the development of DB101 as an integrated function of the statewide information assistance system. DLL staff provides assistance and help center support to DB101 users and train professionals on its use. Recommended changes are to:

- i. Add benefits planning system language to DLL statute
- ii. Add DB101 technical assistance and help center functions to DLL statute

III. Getting Good Data

DHS will be required to submit a report by December 15, 2012 to the legislature. DHS is required to consult with four other state agencies (DEED, DLI, MDE, and DOR) to create a report that identifies data measures that show employment and workforce outcomes for people with disabilities, including the impact of increased employment outcomes on public programs and service utilization. Consideration must be given to improved access to employment services and supports; use of stay at work and return to work interventions to prevent or reduce lost wages; employment services provided within existing grant models and which employment support grant models, if any, are appropriate; among others.

IV. Updating statute

A. Medical Assistance for Employed Persons with Disabilities (MA-EPD). Since its implementation in 1999, there have been numerous changes to MA-EPD statute. As the statute has been amended, many effective dates and paragraphs have been added or changed which has led to confusion in interpretation. Technical changes are recommended that will:

- i. Remove effective dates
- ii. Renumber statutes to be in order
- iii. Remove outdated language

Disability Linkage Line (DLL). A technical change is recommended that will insert DLL into M.S. 256B.0911 subd. 3, paragraph a, to create consistency across M.S. 256B.0911, the long-term care service consultation statute.

Statutory Change: M.S. 256B.057, 256B.056, 256B.0911, 256.01

HUMAN SERVICES DEPT

Change Item: Increase MA-EPD Premium and Cost Share

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			0	72	(1,216)	(2,656)
Health Care Access Fund						
Other Fund						
Total All Funds			0	72	(1,216)	(2,656)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 FC	Medical Assistance Grants- Families with Children Basic Care	0	0	(1,361)	(2,722)
GF	11	MAXIS systems costs	0	0	41	0
GF	11	MMIS	0	0	38	0
GF	14	MA- EPD Admin		110	101	101
GF	REV1	Admin FFP @ 35%		(38)	(35)	(35)
FTEs Requested						
100	14	1 FTE for MA-EPD admin	0	1.00	1.00	1.00

HUMAN SERVICES DEPT

Change Item: Federal Compliance: Program Integrity

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$134	\$120	\$120	\$120
Revenues	100	125	150	150
Net Fiscal Impact	\$34	\$(5)	\$(30)	\$(30)

Recommendation

The Governor recommends that the Department of Human Services (DHS) implement federal program integrity audits and be granted authority to retain the contingency state share from recoveries in order to implement a contract with a vendor for the audits. This proposal has a net cost of \$29,000 over the 2012-2013 biennium, and projects savings in the following biennium.

Rationale

The Deficit Reduction Act of 2005 established the Medicaid Integrity Program (MIP). The 2010 Patient Protection and Affordable Care Act (ACA) extends the Recovery Audit Contractor (RAC) program to Medicaid. This recommendation includes funding for two FTEs that DHS requires to meet the responsibilities of these two new ongoing federal audits, as well as those of the Minnesota False Claims Act.

- The Medicaid Integrity Program (MIP) under the federal Deficit Recovery Act is intended to prevent and reduce provider fraud, waste, and abuse in the Medicaid Program. This will be accomplished by provider audits through CMS contracts to identify overpayments and by providing support to States to assist in their efforts to combat Medicaid provider fraud and abuse.
- The second audit program, the Recovery Audit Contract (RAC) comes under the federal ACA, whereby state Medicaid agencies are to contract on a contingency basis to conduct provider audits to recover overpayments and identify underpayments in the Medicaid Program.

In both audits, DHS staff will determine appropriate provider areas, ensure consistency with state provider rules and laws, monitor the field investigations, validate the investigations, reconcile proposed recoveries, manage court appeals, settlements, recoveries, and manage contingency contracts with RAC vendors. Because DHS is just beginning the MIP audits, and will initiate RAC at the end of CY 2011, this proposal incorporates an assumption of modest revenues from these activities.

The proposal gives DHS needed authority to retain sufficient funds from the state's share of recoveries to pay the contingent fees to RACs and other program integrity vendors.

Under current state procurement statute, a contract is not valid unless the accounting system shows an encumbrance for the amount of the contract liability. However, with contingency fee contracts it is not possible to encumber funds in advance because the contract amount is unknown until the contractor has recovered funds. This proposal will revise state law to ensure that the contingency based contracts will not conflict with procurement statute and accounting practices.

Key Goals and Measures

Improve public health care program value. Basic health care costs account for approximately half of the Department of Human Services' (DHS) state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. <http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>

Statutory Change: MS § 256.01.

HUMAN SERVICES DEPT

Change Item: Federal Compliance: Program Integrity

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			34	-5	-30	-30
Total All Funds			34	-5	-30	-30
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	REV2	MA Recoveries	-100	-125	-150	-150
GF	13	Central Office	206	185	185	185
GF	REV1	Admin FFP@ 35%	-72	-65	-65	-65
FTEs Requested						
GF			2	2	2	2

HUMAN SERVICES DEPT

Change Item: Coverage for Dental Therapists

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$31	\$89	\$89	\$89
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$31	\$89	\$89	\$89

Recommendation

The Governor recommends that the Department of Human Services (DHS) be granted authority to create two new dental service provider types in the Medical Assistance (MA) program. The estimated general fund cost for expanding coverage to this new class of dental service providers is \$120,000 over the 2012-2013 biennium.

Rationale

During the 2009 legislative session, new midlevel dental providers were created in Minnesota Statute (Minn.Stat. secs. 150A.105 and 150A.106). The first of these new midlevel dental providers will be graduating in 2011. Under this proposal, the new dental therapists and advanced dental therapists will be able to render certain basic dental services to MA recipients that have traditionally been delivered only by a dentist. DHS needs authority to create provider types for these providers in order to accurately reimburse for services provided.

Key Goals and Measures

Improve public health care program value. Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. <http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>

Statutory Change: MS § 256B.0625

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			31	89	89	89
Health Care Access Fund						
Other Fund						
Total All Funds			31	89	89	89
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 FC	MA Grants	31	89	89	89
FTEs Requested						

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$319	\$86	\$82	\$72
Revenues	0	0	0	0
Net Fiscal Impact	\$319	\$86	\$82	\$72

Recommendation

The Governor recommends new funding of \$405,000 in the 2012-2013 biennium and \$154,000 in the 2014-2015 biennium, for the development, implementation and ongoing administration of a Medicaid electronic health record (EHR) incentive program in Minnesota. These monies will be used as the 10% state match to federal funding that has been provided to support state administration of EHR incentive payments to eligible health care professionals and hospitals.

Rationale

The Medicaid EHR incentive program provides eligible providers, eligible hospitals and eligible Critical Access Hospitals with federal incentive funds to encourage their adoption and meaningful use of electronic health record (EHR) technology. The financial incentives are 100% federally-funded. DHS as the state Medicaid agency must develop, implement and administer the EHR incentive payments to eligible Medicaid providers in Minnesota. DHS administration and implementation costs associated with this program are funded at 90% federal match.

Per CMS' guidelines, the state match will be combined with federal funding of this program and used to:

- ensure the proper payment of incentives payments to eligible providers, eligible hospitals and eligible Critical Access Hospitals, including the tracking of meaningful use of certified EHR technology by Medicaid providers;
- conduct adequate oversight of the incentive payments, including auditing and monitoring of payments; and
- investigate initiatives to encourage adoption of certified EHR technology to promote health care quality and the exchange of health care information under Medicaid, while ensuring privacy and security of data.

This program is funded under the federal American Recovery and Reinvestment Act (ARRA) through the Health Information Technology for Clinical Health (HITECH) Act. HITECH seeks to improve patient care and reduce cost by promoting a patient-centric model through the creation of a secure, interoperable nationwide health information network. A key premise is that information should follow the patient, and artificial obstacles (e.g. technical, bureaucratic, or business-related) should not be a barrier to the seamless exchange of information. When secure information exchange through certified EHR technology occurs across institutional and business boundaries, the appropriate information can be available to improve coordination, efficiency, and quality at the point of care. To support these goals federal EHR incentive payments are available to Minnesota's Medicare and Medicaid eligible providers and hospitals to adopt, implement and meaningfully use EHR technology. The Medicare EHR incentive program is administered by the federal Centers for Medicare and Medicaid Services (CMS).

Developing Minnesota's Medicaid EHR incentives program is part of a broader set of ARRA and HITECH grants received in Minnesota (e.g. the Health Information Exchange grant received by the Minnesota Department of Health, and the Regional Extension Center grant received by a partnership of agencies: Stratis Health, College of St. Scholastica and the Rural Health Resource Center, and others) designed to encourage adoption of certified EHR technology to promote health care quality and the exchange of health care information, while ensuring privacy and security of data.

Successful development and implementation of the Medicaid EHR incentive program requires 2.25 additional permanent FTEs, as well as up to two temporary FTEs. Funding for the needed FTEs is included in the proposal.

The Medicaid EHR incentive program supports the DHS priority of improving health care quality, access, outcomes and affordability for Minnesotans through the use of health information technology. It is also aligned with other DHS health information technology initiatives that focus on patient outcomes and cost efficiency such as pay-for-performance (P4P) for diabetes and cardiovascular care as well as several applications developed by

HUMAN SERVICES DEPT

Change Item: MA Electronic Health Record Incentives

the Medicaid Transformation Grant Funding: Children's Mental Health Outcome Measures and automated authorization of services.

Further information on the Medicaid and Medicare EHR incentive programs can be found at:
www.cms.gov/EHRIncentivePrograms

Key Goals and Measures

This program supports Minnesota's broader e-Health Initiative goal to accelerate the adoption and use of health information technology in order to improve health care quality, increase patient safety, reduce health care costs and improve public health. In support of these statewide goals, this program seeks to provide all eligible Medicaid providers, hospitals and Critical Access Hospitals with federal EHR incentive funds. In addition, DHS is committed to promoting the use of EHR technology beyond the care settings covered in this phase of the program. To achieve the benefits of coordinated, effective and efficient care, DHS must encourage the capacity of health information exchange across all care settings.

Statutory Change: Not Applicable

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			319	86	82	72
Health Care Access Fund						
Other Fund						
Total All Funds			319	86	82	72
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	11	Finance & Mgmt MMIS	319	86	82	72
FTEs Requested						
GF			4.3	3.5	3.25	2.25

HUMAN SERVICES DEPT

Change Item: Leverage Federal Systems Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$900	\$1,600	\$1,600	\$1,600
Revenues	0	0	0	0
Net Fiscal Impact	\$900	\$1,600	\$1,600	\$1,600

Recommendation

The Governor requests \$2.5 million in FY 2012-13 for the design, development and installation of a streamlined eligibility determination system that would interface and interact seamlessly with Minnesota's Health Insurance Exchange. This funding will provide the state match to federal funding that is available for this work.

Enhanced federal funding of 90% for the design, development and installation or enhancement of eligibility determination systems is available until December 31, 2015, and 75% enhanced federal funding is available for the infrastructure and operations of those systems thereafter. Funding for systems development will be used to develop a new eligibility determination system that builds upon our existing systems to improve customer service and program integrity and promote administrative simplification.

Rationale

Minnesota's two primary health care programs for low-income individuals, Medical Assistance (MA) and MinnesotaCare, are currently processed using two different systems. MAXIS is the eligibility system that is used for MA, as well as for other assistance programs (e.g., cash assistance and food support). The Medicaid Management Information System (MMIS), Minnesota's system for paying health care claims, also stores eligibility information for MinnesotaCare.

MAXIS was intended to automatically perform the required income and asset calculations for MA. However, county caseworkers must often employ multiple manual work-arounds, called "fiats" to process MA applications. The use of fiats is driven by multiple factors, such as program complexity and legislative changes that cannot be implemented within the time between enactment and the effective date of the change. For MinnesotaCare, caseworkers at the counties and state must manually enter information into MMIS after completing off-line calculations.

The use of these multiple systems is generally difficult for caseworkers to manage given their already large workload and the overall complexity of the health care programs. The state needs to look at significant changes to the system capacity for health care eligibility to both support current operations and to prepare for the integration of public health care programs into a Health Insurance Exchange in 2014.

The Department's overall strategy for systems development includes transforming existing systems to support people-centered service delivery, applying reusable technology, focusing on systems that support DHS' mission, and aligning by the use of business/industry best practices to accomplish our mission. For an eligibility determination system, changes will build upon the current systems, rather than replacing them completely, since these systems contain functionality (e.g., claims payment, cash assistance and food support eligibility) that will need to be maintained into the future. The state will be using best practice technology to provide a more user-friendly front end to these systems for both applicants and case workers. Existing DHS rules management and rules engine technology will be leveraged to both improve the experience for applicants and recipients and support processing by caseworkers.

Key Goals and Measures

Key goals are to shorten the time to incorporate eligibility changes into the systems, enhance customer service by improving application processing time, improve program integrity by leveraging existing rules engine technology, and permit seamless integration with the Health Insurance Exchange.

Statutory Change: Not Applicable

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			900	1,600	1,600	1,600
Total All Funds			900	1,600	1,600	1,600
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	11	Finance and Mgmt (MMIS)	900	1,600	1,600	1,600
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Managed Care Reforms

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(18,522)	(72,006)	(79,136)	(79,448)
Revenues	0	0	0	0
Other Fund: HCAF				
Expenditures	(5,310)	(18,928)	(21,601)	(20,474)
Revenues	0	0	0	0
Net Fiscal Impact	(23,832)	(90,934)	(100,737)	(99,922)

Recommendation

The Governor recommends a number of initiatives and reductions to reform the managed care delivery system for Minnesota Health Care Programs. This package of recommended reforms will reduce General Fund expenditures by \$90.528 million and Health Care Access Fund expenditures by \$24.238 million over the 2012-2013 biennium. The package includes the following elements. All are effective January 1, 2012.

- **Establish a clinical performance target for reducing hospital readmission rates that MCOs must meet to receive withheld payments.** Five percent of Minnesota Health Care Program capitation payments to MCOs (managed care organizations) are withheld each year. The withheld funds are returned the next year depending on whether the MCO meets specified performance measures. This proposal establishes a performance measure that requires hospitals to reduce the rate at which patients are readmitted to a hospital within 30 days of a previous admission by 5% per year until the readmission rate is reduced by 25% from the readmission rate in calendar year 2010.
- **Establish a competitive price bidding pilot project for managed care contracts for adults and children in the metro area.** This proposal requires DHS to enter into a competitive price bidding process to select managed care organizations to deliver services under the Medical Assistance (MA) and MinnesotaCare programs to adults and children in the seven-county metro area beginning January 1, 2012.
- **Reduce the maximum amount of capitation payments that managed care organizations can use for administrative expenses.** This proposal reduces the maximum amount of payments that MCOs can use to cover non-tax administrative expenses from 6.6% to 5.3%.
- **Reduce non-administrative payments to managed care organizations.** This proposal reduces non-administrative payments to managed care organizations by 2.75%.

Rationale

Since 1985, Minnesota has used managed care arrangements to deliver health care and long-term care services to Minnesota Health Care Programs (MHCP) enrollees. Over time, the portion of MHCP enrollees in managed care has increased. As of June 2010, 535,800 persons (70% of total enrollees) were served by managed care contracts. DHS currently contracts with eight managed care organizations to serve MA and MinnesotaCare enrollees. Capitation payments in FY 2009 totaled \$2.9 billion.¹

Readmission Withhold

The Governor proposes adding an additional measure to the managed care performance-based withhold: to reduce hospital readmissions by 5% per year over the next five years, or until a reduction of 25% is reached. Patients are readmitted to hospitals soon after a discharge because of medical complications, failure to obtain necessary home care services, patients' failure to understand or follow instructions, failure to take prescribed medications, and failure to keep follow up appointments. While many readmissions are outside the control of the providers or patients, some could be avoided with proper care management, patient education and coordination between hospitals and clinics.

In the current 2011 managed care contract, DHS has initiated a similar withhold measure to reduce the rate of Emergency Department (ED) visits. Nationally, Medicaid pays for three or four times the number of ED visits compared with commercial purchasers. This withhold measure reinforces that proper care management, patient education, and coordination between hospitals and clinics can reduce both the rates of ED visits and hospital readmissions.

Competitive Bidding

DHS competitively procures contracts for managed care delivery with state-set managed care rates. MinnesotaCare contracts have been statewide since 1997. The last counties were added to Medical Assistance in

¹ This amount includes the portion of the capitation payments carved out for Medical Education and Research Costs (MERC).

HUMAN SERVICES DEPT

Change Item: Managed Care Reforms

2008. The managed care procurement schedule is on a five-year cycle which includes a group of counties each year. Managed care organizations (MCOs), which includes health maintenance organizations and county-based purchasing plans, bid for contracts to provide service to MHCP enrollees by county (i.e. service area) with county input in the procurement process. Bids are accepted if the MCO meets state and federal requirements (e.g. primary care networks, etc.). MCOs must also agree to accept the state-set capitation rates for each population and program.

The Governor recommends that DHS establish a competitive price bidding pilot in the seven-county metro to reduce overall costs of providing services to MHCP enrollees in managed care. The pilot would allow a minimum of two MCOs to bid on price to serve non-elderly, non-disabled adults and children in the metro counties for managed care contracts effective January 1, 2012. DHS will evaluate the pilot after two full years of this arrangement to determine whether competitive price bidding under managed care arrangements effectively reduces the overall cost to the state while providing high quality care, and improving care coordination and access to services for MHCP enrollees. DHS will continue to calculate state-set capitation rates for the populations under the pilot to determine cost-effectiveness.

Administrative and Non-administrative Reductions

Administrative Expenditure Cap – Since January 1, 2009, aggregate MCO administrative expenses have been limited to 6.6% plus provider taxes (1% premium tax + 0.6% MA surcharge) for a total of 8.2% in administrative expenses. Part of the impetus for this limit was a report on the *Financial Management of Health Care Programs* by the Office of the Legislative Auditor (OLA), which recommended increased oversight and limits to health plan administrative expenses.

The Governor proposes further reducing the limit on administrative expenses from 6.6% to 5.3% to lower managed care costs to the state and encourage MCOs to more efficiently administer services to MHCP enrollees.

Non-Administrative Reduction – Beginning September 1, 2010, a 3% reduction is applied MCO payments for non-administrative costs. The reduction is scheduled to sunset December 31, 2013. The legislature also passed permanent reductions to managed care payments in previous years that total 2.5% of total payments, excluding certain services.

The Governor proposes further reducing managed care payments applied to non-administrative costs excluding Elderly Waiver (EW) services. This proposal will lower overall managed care costs to the state and encourage MCOs to test innovative payment and service delivery reforms while providing more cost-effective, high-quality care to MHCP enrollees.

Statutory Change: M.S. 256B.69, 256L.11

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-18,522	-72,006	-79,136	-79,448
Health Care Access Fund			-5,310	-18,928	-21,601	-20,474
Total All Funds			-23,832	-90,934	-100,737	-99,922
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-3,355	-10,934	-13,040	-14,258
GF	33 FC	MA Grants	-12,932	-43,082	-52,022	-62,354
GF	33 AD	MA Grants	-2,235	-17,990	-14,074	-2,836
HCAF	31	MinnesotaCare Grants	-5,310	-18,928	-21,601	-20,474
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Evidence-Based Childbirth Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(386)	\$(888)	\$(1,010)	\$(1,203)
Revenues	0	0	0	0
Net Fiscal Impact	\$(386)	\$(888)	\$(1,010)	\$(1,203)

Recommendation

The Governor recommends that an incentive program be created for hospitals to develop policies and quality programs to eliminate elective inductions of labor before 39 weeks gestation. This proposal also requires hospitals to report to the Department of Human Services (DHS) on all births covered in the Minnesota Health Care Programs (MHCP). When implemented, the program will result in an estimated General Fund savings of \$1.274 million over the 2012-2013 biennium.

Rationale

Childbirth induction rates have tripled nationally over the past 20 years. Elective inductions have been associated with many unintended consequences, including increased risk of acute and long-term complications for babies and a higher risk for complicated Cesarean deliveries. The American College of Obstetricians and Gynecologists (ACOG) has recommended that elective inductions not be performed before 39 weeks gestation. The state, through MHCP, pays for 38% of all births in Minnesota, and as one of the largest payers for childbirth services in the state, we have the opportunity to significantly improve the health of the next generation of Minnesotans, and to capture savings from reduced complications of electively induced delivery.

There is widespread agreement in the medical industry that elective inductions should not be performed prior to 39 weeks gestation. The Perinatal Practices Advisory Group (PPAG), an ad-hoc subgroup of the Health Services Advisory Council (HSAC), concluded that infants born before 39 weeks gestation are at greater risk for acute and long-term complications. PPAG made the following recommendations:

- hospitals develop policies that prohibit use of elective inductions and/or cervical ripening without medical indication for gestations < 39 weeks;
- hospitals develop quality review processes for elective inductions;
- hospitals create an expectation that gestational age be identified in patients who present for prenatal care by 20 weeks gestation, and that expectant mothers be informed of the risks of early-term inductions; and
- patient education regarding the risks of early-term inductions be pervasive in the medical community.

Although some hospitals have developed, or are in the process of developing elective induction policies, many hospitals throughout the state have not. In the absence of defined policies and quality processes prohibiting elective inductions before 39 weeks, provider, staff, and/or patient convenience may determine the timing and method of delivery, resulting in increased complications and costs.

The program will require the following:

- Annual reporting on inductions by hospitals for all births covered by MHCP.
- Development of standardized data collection elements for use in hospital and provider reporting.
- Establishment of a process to evaluate hospital induction policies and quality programs.
- DHS claims processing will be modified to flag hospitals with approved policies, and to accommodate the data requirement.
- Providers who perform deliveries in hospitals without approved policies and quality monitoring programs will be required to submit an induction data form with all birth claims as a condition of payment for fee-for-service and managed-care births.
- Ongoing management of data entry of provider forms, data analysis and reporting, and facilitation of statewide hospital induction policy and program development.

This strategy will address the issue of elective inductions before 39 weeks gestation by aligning incentives for providers and hospitals to eliminate this practice.

This initiative would begin on January 1, 2012. Prior to that date, the standardized data collection elements will need to be developed and hospital induction policies be reviewed. In addition, the DHS claims system will need to be modified to recognize approved hospitals and to check provider claims for data attachments.

Statutory Change: MS § 256B.0625

HUMAN SERVICES DEPT

Change Item: Evidence-Based Childbirth Program

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-386	-888	-1,010	-1,203
Health Care Access Fund			0	0	0	0
Other Fund						
Total All Funds			-386	-888	-1,010	-1,203
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33-FC	MA Grants	-481	-962	-1,083	-1,203
GF	13	Central Office	4	0	0	0
GF	13	MMIS	140	114	112	0
GF	REV1	Admin FFP @40%	-49	-40	-39	0
FTEs Requested						
GF		Health Care Admin	1.2	1.2	1.2	0

HUMAN SERVICES DEPT

Change Item: Rehab Service Coverage & PA Changes

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(52)	(1,018)	(1,029)	(1,029)
Revenues				
Net Fiscal Impact	(52)	(1,018)	(1,029)	(1,029)

Recommendation

The Governor recommends a number of changes to the way in which services are covered under Minnesota Health Care Programs (MHCP):

- Modernize the prior authorization system in order to improve program oversight and promote efficient delivery of medically necessary services.
- Effective July 1, 2011 (January 1, 2012, for managed care), specialized maintenance therapy (SMT) will no longer be covered under MHCP.
- Effective March 1, 2012, all providers except those requesting authorization for out-of-state services must submit authorizations electronically through DHS' MN-ITS system.
- Effective March 1, 2012, rehabilitation services (physical therapy, occupational therapy, and speech language pathology) will no longer be subject to one-time service thresholds, but instead require prior authorization for an episode of treatment.

The combined result of these changes is a General Fund savings of \$1,070,000 over the 2012-2013 biennium.

Rationale

This proposal is an important first step in modernizing the infrastructure that supports how services are authorized and providing the necessary flexibility to enhance program oversight and provider compliance within MHCP. With a more modern system, DHS can monitor medical necessity more efficiently and reserve the use of our medical review vendors for those cases where more complicated clinical decision-making is involved. A more responsive system also improves the provider and recipient experience. Requiring electronic submission improves accountability and transparency of the authorization system. Providers will be able to know where their request is within the process, and DHS can track the performance of its medical review vendors through electronic logs documenting access and actions taken. In addition, time to determination can be shortened for many requests where electronic algorithms can be applied, and if clinical conditions are met automated approval can be generated within the user session. The new system will also protect client privacy and permit clients to switch providers without having to obtain a new prior authorization.

Rehabilitation and pharmacy services will serve as the model of how authorization services will be designed within a new system. Both of these services are highly utilized and require adequate oversight in order to ensure integrity and quality of care. The current authorization system does little to support these aims, and DHS relies heavily on contracted vendors to make determinations. Due to the high costs associated with such contracted medical personnel, DHS must currently limit the number and types of services requiring authorization. A new system will accommodate requests that can be reviewed in relation to a plan of care; taking into account past treatment, the recipient's response to such treatment, and their progress over time. Much of this information can be made available electronically through claims history and previous authorization requests, which can be integrated into automated processes and/or made available to reviewers when necessary. Such a system ensures the type, frequency and intensity of services authorized are consistent with the needs of that individual.

Rehabilitation services currently have a window of services under which authorization is not required. As a result, the medical necessity of such services falling within this window is difficult to verify. In addition, many authorization requests could be alleviated by giving providers the flexibility to alter the treatment interventions as appropriate within the plan of care as the patient's condition and response to treatment dictates. Under the current system, providers are only authorized to render the specific services they identified at the outset of treatment. Although the providers have multiple treatment modalities at their disposal, they are unable to receive payment for making necessary adjustments to treatment unless they re-submit an authorization request. A new system will remove these barriers to appropriate care.

HUMAN SERVICES DEPT

Change Item: Rehab Service Coverage & PA Changes

This proposal eliminates coverage for specialized maintenance therapy (SMT) as a means of reducing the costs associated with rehabilitation services, which have increased 51% from 2003 to 2008. Occupational therapy comprises 99% of the costs related to SMT. SMT costs for 2008 were \$1.6 million, which accounted for approximately 26% of the \$6.1 million in total occupational therapy costs. Review of SMT occupational therapy services indicates that two providers of occupational therapy within the metropolitan area make up the vast majority of costs within this category of services. The majority of services are skills and cognitive training related to mental health conditions. Many of the recipients also have PCA or home care services, as well as access to restorative therapy. Many of the recipients also likely either currently receive or may be eligible to receive mental health services that can also address the skills and cognitive training aspects of their conditions. If persons currently receiving SMT services experience a decrease in their level of function such that they require restorative therapy, the new system will be more responsive and improve our ability to assess progress, quality, and medical necessity for skilled therapy intervention.

Statutory Change: MS § 256B.0625

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-52	-1,018	-1,029	-1,029
Health Care Access Fund						
Other Fund						
Total All Funds			-52	-1,018	-1,029	-1,029
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-642	-1,169	-1,169	-1,169
GF	13	Central Office	20	233	233	233
GF	11	Financial Mgmt MMIS	577	0	0	0
GF	REV1	Admin FFP@ 35%	-7	-82	-93	-93
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Modify Third Party Liability Processes

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(70)	\$(70)	\$(70)	\$(70)
Revenues				
Net Fiscal Impact	\$(70)	\$(70)	\$(70)	\$(70)

Recommendation

The Governor recommends that providers be required to secure authorization or payment from third party payers prior to requesting authorization for payment from Minnesota Health Care Programs (MHCP). The Governor also recommends that enrollees in Minnesota's Health Care programs be allowed to use private funds to pay for noncovered services, with some exceptions. This proposal results in a General Fund savings of \$140,000 in the 2012-2013 biennium.

Rationale

Under state and federal law, Minnesota's Health Care Programs (MHCP) are the payer of last resort. To be consistent with this designation, all other sources of medical coverage should be exhausted before MHCP becomes responsible for the cost of a medical service.

DHS' contractors review and make determinations on over 80,000 authorization requests each year. In a significant portion of cases, the MHCP enrollee for which service is requested also has coverage through other private insurance or through Medicare. Under current policy, providers must often request authorization from a primary payer and then request authorization from MHCP. The current duplicative process is administratively burdensome for both providers and DHS. The current process also creates an incentive for providers to obtain only one authorization and then bill the entire cost of the service to MHCP.

Under this proposal, providers will not need to obtain authorization from MHCP in cases where a third party payer or Medicare has already covered 60% of the MHCP allowed charge for the service. Authorization will only be required in instances when over 40% of the allowed charge will be billed to MHCP. In instances where an enrollee has third party coverage or Medicare, a provider will be required to make and provide documentation of a good faith effort to receive payment or authorization from the third party payer before requesting authorization from MHCP. This policy will streamline claims payment in cases when MHCP is a secondary payer and will ensure that private resources are used to the fullest extent before claims are paid by Minnesota's public programs.

This proposal also clarifies the instances and the procedure under which enrollees in MHCP may use personal funds to pay for noncovered services. Current law is unnecessarily restrictive and does not allow an enrollee or his/her family members to purchase desired (but not medically necessary) extra or upgraded equipment. However, this proposal also clarifies that enrollees are not allowed to use personal funds to purchase noncovered prescription drugs which have the potential for abuse and overuse. Under current law, public program enrollees do have the ability to purchase nonformulary prescription drugs with personal funds. In some situations, this policy allows for diversion, abuse, or overdose. Under this proposal, enrollees would have the ability to purchase medications without potential for abuse, but would be generally disallowed from purchasing those drugs with potential for abuse.

Statutory Change: MS § 256B.06

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-70	-70	-70	-70
Total All Funds			-70	-70	-70	-70
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	13	CO Operations - Prior Auth	-108	-108	-108	-108
GF	REV1	Admin FFP @ 35%	38	38	38	38
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Modify Communication Device Pricing

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(124)	\$(191)	\$(245)	\$(314)
Revenues	0	0	0	0
Net Fiscal Impact	\$(124)	\$(191)	\$(245)	\$(314)

Recommendation

The Governor recommends changing the payment methodology for Augmentative and Alternative Communication (AAC) systems in the Minnesota Health Care Programs (MHCP). AAC devices are recommended to be paid at the lower of:

1. submitted charge; or
2. manufacturers' suggested retail price minus 20 percent for manufacturers enrolled as MHCP providers; or
3. invoice price plus 20% for non-manufacturers/vendors enrolled as MHCP providers.

These changes will result in a General Fund savings of \$315,000 over the 2012-2013 biennium.

Rationale

Augmentative and Alternative Communication (AAC) devices transmit, produce and receive messages or symbols in a manner that compensates for the impairment and disability of a recipient with severe expressive communication disorders. Clients who use AAC devices have a variety of conditions including cerebral palsy, muscular sclerosis, autism, stroke and visual disabilities. AAC devices include communication picture books, communication charts and boards, and mechanical/electronic devices.

Augmentative and Alternative Communication (AAC) systems are covered under Minnesota Health Care Programs (MHCP) per Minnesota Statutes, section 256B.0625, subdivision 31. Providers are currently reimbursed for the systems on an individual basis at the manufacturer's suggested retail price. This proposal will establish separate reimbursement methods for vendors and manufacturers that more accurately reflect the costs of each group. The proposal will also align payment methods across MHCP.

Statutory Change: MS § 256B.0625

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-124	-191	-245	-314
Health Care Access Fund						
Other Fund						
Total All Funds			-124	-191	-245	-314
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-124	-191	-245	-314
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Modify Pharmacy Reimbursement Method

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(621)	\$(665)	\$(754)	\$(895)
Revenues				
Net Fiscal Impact	\$(621)	\$(665)	\$(754)	\$(895)

Recommendation

The Governor recommends a change to the pharmacy reimbursement rate methodology to replace the use of Average Wholesale Price for pharmacy reimbursement. Effective July 1, 2011, drugs will be priced using the Wholesale Acquisition Cost (WAC) benchmark rather than the current Average Wholesale Price (AWP) benchmark. Under current law, acquisition cost is estimated as AWP less 15% under this proposal, acquisition cost will be estimated at WAC plus 2%.

Office-administered drugs are currently reimbursed at the Average Sales Price (ASP) plus 6% as defined by CMS unless a drug does not have a reported ASP, in which case the drug is reimbursed at AWP less 5%. Under this proposal, office-administered drugs which do not yet have a reported ASP value will be reimbursed at Wholesale Acquisition Cost.

Hemophilia blood factor products will be reimbursed using a maximum allowable cost established by the commissioner.

This recommendation includes funding for one FTE pharmacy technician. The position is needed for drug rebate invoicing and dispute resolution with drug manufacturers related to office-administered drugs. This is necessary to meet a federal mandate to collect rebates on office-administered drugs via managed care entities.

The combined effect of these changes will be an estimated General Fund savings of \$1.286 million over the 2012-2013 biennium.

Rationale

The current pharmacy reimbursement methodology relies on AWP. The AWP benchmark has been the subject of continuing nationwide litigation and will no longer be published by DHS's data source after September 2011. The recommended changes in pharmacy reimbursement rate methodology approximately maintains the current pharmacy reimbursement for most brand name drug products.

Most office-administered drugs have a reported ASP and can thus be reimbursed at ASP plus 6%. However, new products (for which ASP is not available) are reimbursed at AWP less 5%. The AWP less 5% methodology allows for significant profit margin and provides an incentive for clinics and physicians to buy and bill DHS for expensive new drugs. A 2005 study by the OIG found that, at the median, ASP is 26% below the AWP for brand name drugs. Reducing the reimbursement for newly office-administered drugs to WAC lessens that incentive and provides some cost savings to the program.

Hemophilia factor drugs are purchased by pharmacies at a significant discount off of the list price. In the past, DHS has managed these discounts by reimbursing pharmacies at AWP less 30% for hemophilia factor drugs. Under the new maximum allowable cost (MAC) methodology, the commissioner would have the authority to set maximum allowable cost levels for individual factor products. This approach will be flexible enough to allow the commissioner to adjust the reimbursement rates as needed to account for the increased discounts in the marketplace while maintaining existing patient access to these needed therapies.

Under the federal Affordable Care Act, the state is required to collect rebates on prescriptions dispensed via managed care entities. Recent federal guidance includes office-administered drug rebates in the requirement. In order to comply with the federal mandate, the proposal includes the additional FTE needed for drug rebate invoicing and dispute resolution with drug manufacturers.

Statutory Change: MS § 256B.0625, Subd. 13e

HUMAN SERVICES DEPT

Change Item: Modify Pharmacy Reimbursement Method

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-621	-665	-754	-895
Total All Funds			-621	-665	-754	-895
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-448	-527	-587	-669
GF	33 FC	MA Grants	-106	-124	-137	-166
GF	33 AD	MA Grants	-131	-71	-87	-117
GF	13	HC Administration	98	87	87	87
GF	REV1	Admin FFP @35%	-34	-30	-30	-30
FTEs Requested						
GF			1	1	1	1

HUMAN SERVICES DEPT

Change Item: Critical Access Dental Payments

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(2,128)	\$(3,123)	\$(3,487)	\$(3,923)
Revenues	0	0	0	0
Other Fund: HCAF				
Expenditures	(603)	(2,207)	(2,400)	(2,504)
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,731)	\$(5,330)	\$(5,887)	\$(6,427)

Recommendation

The Governor recommends clarifying eligibility for the Critical Access Dental (CAD) program and reducing the CAD add-on payment for MinnesotaCare to the same level as the CAD add-on payment for Medical Assistance (MA). This proposal will result in net savings of \$8.061 million over the 2012-2013 biennium.

Rationale

Significant changes were made to the critical access dental (CAD) program during the 2010 legislative session. Language clarification is needed to align the statutory changes with the legislative intent.

Current statute specifies that clinics that are associated with the U of M or MNSCU can be designated as CAD providers. This recommendation revises the statute to indicate that only clinics that are U of M or MNSCU owned and operated may be designated as CAD providers.

This proposal also reduces the CAD add-on payment for MinnesotaCare from 50% to 30%. This change brings the CAD add-on payment for MinnesotaCare in line with the CAD add-on payment for MA.

Statutory Change: MS § 256B.76 Subdivision 4; 256L.11

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-2,128	-3,123	-3,487	-3,923
Health Care Access Fund			-603	-2,207	-2,400	-2,504
Other Fund						
Total All Funds			-2,731	-5,330	-5,887	-6,427
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-660	-686	-779	-878
GF	33 FC	MA Grants	-1,015	-2,193	-2,410	-2,643
GF	33 AD	MA Grants	-453	-244	-298	-402
HCAF	31	Minnesota Grants	-603	-2,207	-2,400	-2,504
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Payment of Medicare Crossover Claims

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(10,824)	\$(32,296)	\$(34,758)	\$(37,504)
Revenues	0	0	0	0
Net Fiscal Impact	\$(10,824)	\$(32,296)	\$(34,758)	\$(37,504)

Recommendation

The Governor recommends limiting Medical Assistance (MA) payment for Medicare crossover claims to the MA payment rate effective January 1, 2012. This proposal impacts payments for Medicare Part B services that are also covered by MA for persons who are dually eligible for MA and Medicare. (A crossover claim is the amount paid by MA for the Medicare beneficiary's obligation on a Medicare service.) This proposal results in a net reduction in General Fund spending of \$43 million in the 2012-13 biennium.

Rationale

There are currently over 100,000 MA enrollees who are dually eligible for the federal Medicare program. Medicare Part B helps cover medically-necessary services like doctors' services, outpatient care, home health services, and other medical services. Medicare part B also covers some preventive services.

Medicare is the primary payer for dually eligible persons. For many Part B services, after a client meets their annual deductible, Medicare pays 80% of the Medicare-approved amount for a service and the patient is responsible for the remaining 20%. In many cases, Medicare enrollees are required to pay a deductible before coverage begins.

MA currently pays the difference between the Medicare-approved total amount and the 80% share paid by Medicare for Part B services for dually eligible persons. MA also pays deductibles for Part B services up to the Medicare-approved amount. Generally, the Medicare payment rate exceeds the MA payment rate. As a result, the total payment a provider receives for a "crossover" claim exceeds the MA payment rate. This proposal would limit the MA payment for crossover claims to an amount that, added with the Medicare paid amount, does not exceed the MA payment rate. As a result, if the 80% share payment by Medicare part B exceeds the MA payment rate, MA would not pay anything for the crossover claim. Providers must accept the MA payment as payment in full and are prohibited from billing clients for the balance on a Medicare-allowed amount.

A number of other states—including but not limited to Michigan, North Carolina, Oregon, Utah and Wisconsin—currently pay crossover claims such that the amount paid by MA in combination with the Medicare payment will not exceed the amount MA would pay for a service if it were billed solely to MA. This proposal would make Minnesota's policy on crossover claims consistent with the policies of those other states.

Statutory Change: MS § 256B

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-10,824	-32,296	-34,758	-37,504
Health Care Access Fund						
Other Fund						
Total All Funds			-10,824	-32,296	-34,758	-37,504
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-10,829	-32,296	-34,758	-37,504
GF	13	MMIS	5	0	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Suspend Managed Care Incentive Payments

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(645)	\$(645)	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	(138)	(138)	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(783)	\$(783)	\$0	\$0

Recommendation

The Governor recommends suspending payments to managed care plans for expanding preventive services to Minnesota Health Care Program (MHCP) enrollees effective July 1, 2011 to June 30, 2013. This two-year suspension will reduce state expenditures by \$1.566 million over the 2012-2013 biennium.

Rationale

This payment suspension provides budget savings in the General Fund and the health care access fund. The Department of Human Services currently provides "incentive" payments to managed care plans that expand preventive services for MHCP enrollees. The payments are intended to reimburse managed care plans for a portion of the cost of the expanded services until capitation rates can be adjusted to account for the cost of the services. In FY 2010, incentive payments were made for the following services:

- Well-child visits
- Lead screening
- Developmental and mental health screening
- Breast cancer screening
- Chlamydia screening
- Elder care evaluations

Under this proposal, incentive payments for expanded preventive services provided to MHCP enrollees would be suspended until June 30, 2015. Managed care plan rates will continue to be adjusted to reflect the expanded services in future contracts between the state and managed care plans.

Statutory Change: Not Applicable

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-645	-645	0	0
Health Care Access Fund			-138	-138	0	0
Other Fund						
Total All Funds			-783	-783	0	0
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 FC	MA Grants	-645	-645	0	0
HCAF	31	MinnesotaCare Grants	-138	-138	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce Basic Care Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,011)	\$(1,446)	\$(1,467)	\$(1,410)
Revenues	0	0	0	0
Other Fund				
Expenditures	(42)	(112)	(150)	(166)
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,053)	\$(1,558)	\$(1,617)	\$(1,576)

Recommendation

The Governor recommends imposing a 0.5% ratable reduction for outpatient hospital services and other basic care services under Medical Assistance (MA) and MinnesotaCare. This proposal would be effective July 1, 2011, for fee-for-service and January 1, 2012 for managed care and will generate cost savings of \$2.611 million over the 2012-2013 biennium.

Rationale

Minnesota Statutes 256B.766, paragraph (a) require that Minnesota Health Care Programs payments for services known as basic care services be reduced by 3% beginning July 1, 2009. In current law, the basic care payment rates are reduced an additional 1.5% temporarily during the service date period of July 1, 2009, through June 30, 2011, for a total of 4.5% in this biennium. This recommendation extends the reduction at a lower total 3.5% rate beginning in the 2012-2013 biennium.

Statutory Change: MS § 256B.766, paragraph (a)

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-1,011	-1,446	-1,467	-1,410
Health Care Access Fund			-42	-112	-150	-166
Other Fund						
Total All Funds			-1,053	-1,558	-1,617	-1,576
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-290	-525	-589	-658
GF	33 FC	MA Grants	-424	-559	-629	-740
GF	33 AD	MA Grants	-297	-362	-249	-12
HCAF	31	MnCare Grants	-42	-112	-150	-166
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce Rates for Transportation Services

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(1,649)	(2,458)	(2,652)	(2,881)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	(1,649)	(2,458)	(2,652)	(2,881)

Recommendation

The Governor recommends a 4.5% ratable reduction for transportation services including ambulance, special transportation services (STS) and access transportation services (ATS). This reduction will be effective July 1, 2011 for fee-for-service and January 1, 2012 for managed care and will generate a General Fund cost savings of \$4.107 million over the 2012-13 biennium.

Rationale

In general, fee-for-service reimbursements for transportation services have gone up 31% from 2003 to 2008, and payments for transportation services have not been included in recent reductions for other Minnesota Health Care Program services. This reduction amount is the same as what is applied to basic care services and would not impact rates for non-transport services, such as meals and lodging.

Statutory Change: MS § 256B.0625, subdivisions 17 and 17a.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-1,649	-2,458	-2,652	-2,881
Health Care Access Fund						
Other Fund						
Total All Funds			-1,649	-2,458	-2,652	-2,881
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	-325	-377	-424	-473
GF	33 FC	MA Grants	-1,169	-1,988	-2,164	-2,405
GF	33 AD	MA Grants	-157	-93	-64	-3
GF	11	Finance & Mgmt MMIS	2	0	0	0
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Maintain Child & Teen Checkup Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(130)	\$(265)	\$(406)	\$(552)
Revenues	0	0	0	0
Net Fiscal Impact	\$(130)	\$(265)	\$(406)	\$(552)

Recommendation

The Governor recommends freezing rates on payments to providers for Child & Teen Check-Up (C&TC) screenings. The current C&TC screening payment rate is sufficient to ensure access to services for the foreseeable future. This proposal will generate a General Fund cost savings of \$395,000 over the 2012-2013 biennium.

Rationale

Minnesota Rules, Chapter 9505.0445, paragraph M, sets the Minnesota Health Care Programs allowed payment rate for a complete C&TC screening at the 75th percentile of charges for C&TC screenings provided during the previous state fiscal year. Per the administrative rule, the rate is adjusted annually on October 1. The rate has increased each year and is set to pay \$317.01 effective October 1, 2010. DHS data show that fee-for-service provider rates for child and teen check-ups increased 41% between 2003-08.

Under this recommendation, the allowed CT&C payment rate will remain at the October 1, 2010 amount and not be increased annually. The C&TC screening has not been subject to other recent payment reductions applied to MHCP services.

Statutory Change: M.S. § 256B.0625

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-130	-265	-406	-552
Health Care Access Fund						
Other Fund						
Total All Funds			-130	-265	-406	-552
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 FC	MA Grants	-130	-265	-406	-552
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Delay Inpatient Hospital Rebasing

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	0	(99,041)	(27,202)	(3,625)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	(99,041)	(27,202)	(3,625)

Recommendation

The Governor recommends delaying the calendar year 2013-2014 rebasing of hospital rates under the Medical Assistance (MA) program for six months. Rebasing was originally scheduled for January 1, 2013, and will be delayed until July 1, 2013. This recommendation provides cost savings in the General Fund of \$99 million in FY 2013 and \$30.8 million in FY 2014-15.

Rationale

Current law requires the Department of Human Services to rebase each hospital's MA inpatient fee-for-service rates every two years based on more current cost data for each hospital. This process incorporates hospital-specific inflation into the payment rates. Hospital rates were last rebased in 2007, using 2002 hospital data. That rebasing resulted in an average rate increase of 26% under MA and 24% under General Assistance Medical Care (GAMC). The legislature acted to delay rebasing for both the 2009-2010 and 2011-2012 periods, so rebasing in 2013 would incorporate a six-year inflation growth by updating from a base year of 2002 to 2008.

Hospitals have payment add-ons in addition to individual cost-based rates. These add-ons include: disproportionate share payments (DSH) that range to 59%; additions of 15% and 20% for small, rural hospitals; and an increase to non-metro hospitals for admissions for certain medical conditions in sixteen diagnosis-related groups (DRGs). Hospitals also receive ratable reductions under MA of 16.25% for medical/surgical and 3.46% for mental health admissions.

Rebasing results in different increases for each hospital depending on their base year cost structure. The actual value of each hospital's increase is unknown until all steps in the rebasing process are completed.

Other acute care providers do not receive automatic cost-based increases and have not had any general increases for many years.

Statutory Change: MS § 256.969, Subdivision 2b

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund				-99,041	-27,202	-3,625
Health Care Access Fund						
Other Fund						
Total All Funds			0	-99,041	-27,202	-3,625
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	0	-29,169	-10,410	-16
GF	33 FC	MA Grants		-45,085	-11,481	-3,575
GF	33 AD	MA Grants		-24,787	-5,311	-34
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce PMAP MERC Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(12,808)	\$(12,808)	\$(12,808)	\$(12,808)
Revenues	0	0	0	0
Net Fiscal Impact	\$(12,808)	\$(12,808)	\$(12,808)	\$(12,808)

Recommendation

The Governor recommends reducing the Medical Education and Research Cost (MERC) payments attributable to managed care (prepaid medical assistance, or "PMAP") enrollees effective July 1, 2011. The funding being reduced is the amount reserved for general distribution to eligible hospital and clinic training sites. This proposal does not affect the PMAP MERC payments that are dedicated to the University of Minnesota and Hennepin County Medical Center (HCMC) and fee-for-service MERC payments. This proposal will result in a General Fund savings of \$25.616 million over the 2012-13 biennium. (See the Minnesota Department of Health's Governor's Recommendations for other MERC related change items.)

Rationale

Since October 2000, a portion of the Medical Assistance (MA) capitation rates are carved out of the payments made to managed care organizations (MCOs) and transferred to the Minnesota Department of Health, which distributes the funds to various medical education providers based on each provider's proportion of MA, MinnesotaCare and General Assistance Medical Care (GAMC) payments. The carve-out of MA capitation rates includes two components: a percent carve out that funds the general distribution and a fixed amount that funds dedicated payments to the University of Minnesota and HCMC.

In October 2008, the Department received new terms and conditions from the federal CMS agency that limit MERC spending associated with our MA managed care populations as part of the renewal of the federal PMAP+ waiver. Beginning with FY 2010, medical education payments associated with our managed care populations and distributed to providers are limited to the level of payments made in FY 2009.

State PMAP MERC carve-out payments receive federal match under the Medical Assistance program. Total annual state and federal funding for MERC payments is \$71.3 million: \$49.6 million for general distribution and \$21.7 million in dedicated payments to the University of Minnesota, dental innovation grants and HCMC. This proposal will reduce the amount for general distribution to \$24 million but does not reduce dedicated payments. In calendar year 2010, approximately 85% of the general distribution funding went to hospitals and 15% went to clinics and other providers.

Statutory Change: MS § 256B.69

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-12,808	-12,808	-12,808	-12,808
Health Care Access Fund						
Other Fund						
Total All Funds			-12,808	-12,808	-12,808	-12,808
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 FC	PMAP MERC	-12,808	-12,808	-12,808	-12,808
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: MA Hospital Surcharge and Payment Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$61,942	\$61,495	\$36,801	\$727
Revenues	242,118	256,053	272,524	290,510
Net Fiscal Impact	\$(180,176)	\$(194,558)	\$(235,723)	\$(289,783)

Recommendation

The Governor recommends increasing the Medical Assistance (MA) surcharge on hospitals to 4.45% effective July 1, 2011. The Governor also recommends increasing MA fee-for-service payment rates for inpatient hospital services to offset a portion of the cost of the surcharge. This proposal results in a net General Fund savings of \$374.734 million over the 2012-13 biennium.

Rationale

This proposal expands the use of an allowable mechanism to draw federal funding on the Medical Assistance program. The hospital surcharge is calculated as a percentage of net patient revenues, excluding Medicare revenues. The current MA hospital surcharge is levied at a rate of 1.56% and has not changed since 1994, when it was initially implemented.

The amount of the rate increase that can be provided to hospitals is limited by the Medicare Upper Payment Limit (UPL) on inpatient hospital services. The UPL changes each year and cannot be predicted with certainty. Current UPL projections indicate that the state would be allowed to increase MA fee-for-service rates by 24% from July 1, 2011, to September 30, 2012, and by 18.5% from October 1, 2012, to September 30, 2013. The rebasing of inpatient hospital rates (which the Governor recommends delaying from January 1, 2013 to July 1, 2013 in a separate proposal) would increase MA payments to hospitals enough to eliminate any permissible increase in hospital rates under the UPL. As a result there is no projected rate increase to offset the surcharge after September 30, 2013.

Statutory Change: MS § 256.9657, Subd. 2.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-180,176	-194,558	-235,723	-289,783
Health Care Access Fund						
Other Fund						
Total All Funds			-180,176	-194,558	-235,723	-289,783
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
DED	REV2	MA Hospital Surcharge	-242,118	-256,053	-272,524	-290,510
GF	33 ED	MA Grants	33,574	30,951	15,762	0
GF	33 FC	MA Grants	18,654	16,858	7,444	0
GF	33 AD	MA Grants	9,714	13,686	13,595	727
		MA Grants subtotal	61,942	61,495	36,801	727
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Managed Care Surcharge & Payment Rates

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$35,270	\$67,620	\$71,180	\$70,242
Revenues	132,335	177,952	181,716	202,179
Other Fund				
Expenditures	4,799	9,273	12,234	13,731
Revenues	0	0	0	0
Net Fiscal Impact	\$(92,266)	\$(101,059)	\$(98,302)	\$(118,206)

Recommendation

The Governor recommends increasing the Medical Assistance (MA) surcharge on HMOs to 4.3% and creating a 4.3% surcharge on county-based purchasing (CBP) plans effective July 1, 2011. The Governor also recommends increasing payment rates to managed care organizations for MA and for MinnesotaCare families and children effective January 1, 2012. This proposal results in a combined savings of \$193.325 million over the 2012-13 biennium.

Rationale

This proposal expands the use of an allowable mechanism to draw federal funding on the Medical Assistance program. The HMO surcharge is calculated as a percentage of all premium revenues. The current HMO surcharge is levied at a rate of 0.6% and has not been increased since 1992, when it was first implemented. In order to meet actuarial soundness requirements, this surcharge increase must be offset by a built-in payment increase to managed care rates.

In order to offset the surcharge increase, the proposal also increases the MA and MinnesotaCare families and children payment rates for HMOs and CBPs. The rate for HMOs is increased by 8.88% from January 1, 2012 to June 30 2012; beginning July 1, 2012, the rate increase is reduced to 3.7%. The rate for CBPs are increased by 10.32% from January 1, 2012 to June 30 2012; beginning July 1, 2012, the rate increase is reduced to 4.3%.

Statutory Change: MS § 256.9657, Subd. 3.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-97,065	-110,332	-110,536	-131,937
Health Care Access Fund			4,799	9,273	12,234	13,731
Other Fund						
Total All Funds			-92,266	-101,059	-98,302	-118,206
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
DED	REV2	MA HMO/CBP Surcharge	-132,335	-177,952	-181,716	-202,179
GF	33 ED	MA Grants	10,197	16,517	18,873	20,630
GF	33 FC	MA Grants	21,100	35,240	40,542	47,245
GF	33 AD	MA Grants	3,973	15,863	11,765	2,367
HCAF	31	MnCare Grants	4,799	9,273	12,234	13,731
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: End MnCare for Adults Above 200% FPG

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	(603)	(1,408)	0	0
Other Fund				
Expenditures	(10,110)	(23,381)	(28,336)	(29,414)
Revenues	(23)	(65)	(46)	(46)
Net Fiscal Impact	\$(9,484)	\$(21,908)	\$(28,290)	\$(29,908)

Recommendation

The Governor recommends reducing MinnesotaCare eligibility for adults without children and adults in families with children (parents, relative caretakers, foster parents and legal guardians) to 200% of the Federal Poverty Guidelines (FPG). This proposal is effective January 1, 2012, for adults without children, and January 1, 2012, or upon federal approval, whichever is later, for adults in families with children. Currently, the income limit for adults without children is 250% FPG and the income limit for adults in families with children is 275% FPG or \$50,000 annual gross income¹, whichever is less. The reduction in MinnesotaCare expenditures is partially offset by a loss of disproportionate share revenue in FY2012 & 2013. This recommendation will result in a net savings of \$31.4 million in the 2012-2013 biennium.

This proposal would reduce projected average monthly enrollment in MinnesotaCare by 7,151 in FY 2013. Starting in 2014, individuals with incomes between 133% of FPG and 400% of FPG will be eligible for premium and cost-sharing subsidies for private coverage through a health insurance exchange.

Rationale

This proposal implements budget reductions to provide budget savings. The Patient Protection and Affordable Care Act (ACA) includes a Medicaid maintenance of effort (MOE) requirement that states must not initiate changes to eligibility standards, methodologies and procedures that are more restrictive than those in place on March 23, 2010. This requirement remains in place until the Health Insurance Exchange is operational (anticipated to be January 1, 2014), and for children under age 19, until October 1, 2019. Notwithstanding the MOE requirement, the ACA provides that if a state can certify a budget deficit, the MOE does not apply to adults (other than pregnant women and disabled individuals) whose income exceeds 133% of federal poverty guidelines (FPG). This proposal assumes that the state will certify a budget deficit so that MinnesotaCare could reduce MinnesotaCare eligibility for adults in families with children to 200% FPG on or after January 1, 2012, without violating the MOE.

This proposal would require federal approval of an amendment to the MinnesotaCare waiver.

Statutory Change: MS § 256L.02, subdivision 3, 256L.03, subdivisions 3 and 5, 256L.04, subdivisions 1 and 4, 256L.05, subdivision 5, 256L.07, subdivision 1, and 256L.11, subdivision 6.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			603	1,408	0	0
Health Care Access Fund			-10,087	-23,316	-28,290	-29,908
Total All Funds			-9,484	-21,908	-28,290	-29,908
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
HCAF	31	MinnesotaCare Grants	-10,092	-23,194	-28,206	-29,824
HCAF	11	MMIS	49	0	0	0
GF	REV2	Reduction in DSH	603	1,408	0	0
HCAF	13	MnCare Operations	-67	-187	-130	-130
HCAF	REV2	Admin FFP @ 35%	23	65	46	46
FTEs Requested						
HCAF			-1	-2	-2	-2

¹ The 2008 legislature increased the income limit for MinnesotaCare adults in families with children to \$57,500, effective July 1, 2009, or upon federal approval, whichever is later. This has not been implemented yet as federal approval of an amendment to the MinnesotaCare waiver is pending. Pregnant women are not subject to the \$50,000 annual limit.

HUMAN SERVICES DEPT

Change Item: Repeal Unapproved MA Bridge Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Other Fund: HCAF				
Expenditures	\$(4,152)	\$(16,891)	\$(27,171)	\$(34,141)
Revenues	(178)	(214)	(134)	(178)
Net Fiscal Impact	\$(3,974)	\$(16,677)	\$(27,037)	\$(33,963)

Recommendation

The Governor recommends repealing provisions that authorize two months of extended Medical Assistance (MA) eligibility followed by automatic MinnesotaCare eligibility until renewal for certain children ages 2-18, effective March 1, 2012. This proposal will result in a net savings of \$20.651 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted monthly enrollment by 4,433 for MA and by 9,025 for MinnesotaCare in FY 2013.

Rationale

In 2007, the legislature expanded MA and MinnesotaCare by extending MA eligibility two additional months for children ages 2-18 whose income exceeds 150% of the Federal Poverty Guidelines (FPG). These children were also granted automatic MinnesotaCare eligibility until their next renewal. The provisions had an effective date of October 1, 2008, or upon federal approval, whichever is later. In 2008, the legislature further amended MA statutes to clarify that a child receiving MA who becomes ineligible due to excess income is eligible for seamless coverage between MA and MinnesotaCare. The effective date remained October 1, 2008, or upon federal approval, whichever is later.

Effective March 1, 2012, this proposal would repeal the two months of extended MA coverage and automatic MinnesotaCare eligibility until renewal for children ages 2-18 who become ineligible for MA due to excess income.

Currently, MA eligibility ends for children two to 18 when their income exceeds 150% FPG. Some children may qualify for 4-12 months of additional MA coverage under Transitional MA or Transition Year MA (TMA/TYMA). MinnesotaCare eligibility is determined for all MA enrollees who become ineligible due to income, including children. MinnesotaCare coverage begins the month following receipt of the initial premium. Children may be eligible for retroactive MinnesotaCare back to the date of MA closure, but must pay premiums for all retroactive months.

The intent of the original legislation was to reduce delays in eligibility arising from agency transfer of paper health care case files from counties to the state MinnesotaCare Operations. Recent implementation of electronic document management systems has reduced eligibility delays, and thereby lessened the necessity of authorizing additional periods of MA eligibility during case transfer. Additionally, many counties now determine eligibility for MinnesotaCare cases, which reduces the time between MA denial and MinnesotaCare approval.

This proposal allows the Department to make progress on its objective of program simplification and alignment. If implemented, the seamless coverage provisions would further complicate eligibility and cause confusion for clients. Because only children ages 2-18 would qualify for the seamless coverage eligibility, the provisions would be particularly confusing for families that include children of mixed ages, including one or more who are under age two or over age 18. Eliminating these provisions would further the Department's simplification efforts.

Statutory Change: Laws 2007, chapter 147, article 13, sections 1, 2 and 3.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund						
Health Care Access Fund			-3,974	-16,677	-27,037	-33,963
Total All Funds			-3,974	-16,677	-27,037	-33,963
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
HCAF	31	MinnesotaCare Grants	-719	-9,713	-19,279	-25,441
HCAF	33 FC	MA Grants (pd by HCAF)	-2,925	-6,566	-7,510	-8,192
HCAF	13	MinnesotaCare Ops	-508	-612	-382	-508
HCAF	REV2	Admin FFP @ 35%	178	214	134	178
FTEs Requested						
HCAF	13	MinnesotaCare Ops	-8	-8	-6	-8

HUMAN SERVICES DEPT

Change Item: Repeal Unapproved Rolling & Grace Month

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	(1,778)	(8,511)	(9,841)	(9,178)
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,778)	\$(8,511)	\$(9,841)	\$(9,178)

Recommendation

The Governor recommends repealing the MinnesotaCare premium grace month and renewal rolling month provisions prior to implementation, effective January 1, 2012. This proposal will result in a net savings of \$10.289 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted average monthly MinnesotaCare enrollment by 2,896 in FY 2013.

Rationale

This proposal facilitates program simplification and alignment, as well as providing budget savings.

Premium Grace Month

Currently, MinnesotaCare enrollees are required to pay their monthly premiums in the month prior to the coverage month to continue the coverage. The 2008 legislature amended MinnesotaCare statute to establish a "premium grace month" that permits premiums to be paid up to the last day of the coverage month. The premium grace month would give enrollees an extra month to pay their premiums before they are disenrolled. In addition, the statute requires the commissioner to waive the premium for the grace month for persons who are disenrolled for nonpayment despite the extra month, who then reapply at a later date. The premium grace month policy has not been implemented because DHS is awaiting federal approval.

There are already safeguards in place for people who do not pay their premiums on time. Currently, MinnesotaCare has an automated 20-day reinstatement process that gives enrollees who are disenrolled for failure to pay their premiums a second opportunity to pay within 20 days and retain coverage without a lapse. Because enrollees are actually cancelled from coverage prior to being given the opportunity to reinstate, many are compelled to submit their premiums to reestablish coverage. More than 50% of enrollees who are disenrolled due to nonpayment of premiums are reinstated through the current automated 20-day reinstatement process.

Repealing the premium grace month will simplify the program and eliminate the following unintended consequences:

- The premium grace month provision would permit MinnesotaCare enrollees who failed to pay their premiums on time an additional month of coverage at no cost, while ongoing enrollees would be required to pay for all months of coverage.
- The premium grace month would discourage enrollees from paying their premiums on time. Some enrollees would wait until the end of the grace month to pay their premiums. Enrollees who are disenrolled following the grace month would have no second chance to reinstate their coverage without a lapse.
- The premium grace month provision would allow enrollees who receive a grace month and are then disenrolled for nonpayment to reapply for MinnesotaCare and not owe for that past due premium. Enrollees would still have a four-month waiting period before they could reenroll.

Renewal Rolling Month

The 2008 legislature amended MinnesotaCare statute to allow enrollees who fail to submit their renewal forms timely to remain eligible for an additional month before being disenrolled. This provision is referred to as a "renewal rolling month." Under the renewal rolling month, the enrollee remains responsible for the MinnesotaCare

HUMAN SERVICES DEPT

Change Item: Repeal Unapproved Rolling & Grace Month

premium for the additional month. The renewal rolling month has not been implemented because DHS is awaiting federal approval.

Repealing the renewal rolling month will simplify MinnesotaCare requirements and eliminate the following unintended consequences:

- MinnesotaCare enrollees who fail to submit renewal paperwork timely would remain enrolled for an additional month, and would be responsible to pay the associated MinnesotaCare premium for the additional month, even if they purposely did not submit the renewal because they no longer want coverage.
- Enrollees who reapply for MinnesotaCare following cancellation for non-renewal would be permitted to reenroll immediately, but would owe a past due premium. The past due premium may be a barrier to new enrollment.
- Some enrollees who fail to pay a premium timely may be in their premium grace month the same month their renewal is overdue. It is unclear how these two provisions would work in tandem, and whether in these cases, enrollees would be required to pay a premium for the extra month that serves as both the premium grace month and renewal rolling month.

Enrollment reductions related to this proposal do not result in administrative reductions in FY 2013 because of the substantial forecasted growth in MinnesotaCare over the next biennium.

Statutory Change: Laws of Minnesota 2008, chapter 358, article 3, section 8, effective upon federal approval. Laws of Minnesota 2008, chapter 358, article 3, section 9, effective upon federal approval.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund						
Health Care Access Fund			-1,778	-8,511	-9,841	-9,178
Other Fund						
Total All Funds			-1,778	-8,511	-9,841	-9,178
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
HCAF	31	MinnesotaCare Grants	-1,778	-8,511	-9,841	-9,178
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Repeal Unapproved MnCare Changes

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Other Fund				
Expenditures	\$(216)	\$(2,232)	\$(8,266)	\$(10,578)
Revenues	(23)	(78)	(112)	(112)
Net Fiscal Impact	\$(193)	\$(2,154)	\$(8,154)	\$(10,466)

Recommendation

The Governor recommends repealing MinnesotaCare provisions that eliminate the income limit for children, exempt certain children from cancellation for non-renewal, and eliminate automatic eligibility for children who are exiting foster care or juvenile residential correctional facilities effective January 1, 2012. This proposal will result in a net savings of \$2.347 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted monthly MinnesotaCare enrollment by 1,751 in FY 2013.

Rationale

The 2009 legislature enacted several initiatives designed to increase enrollment and retention of children in MinnesotaCare. While the initiatives may have the desired results, the cost of implementation and the increased program complexity outweigh the benefits. By repealing the 2009 initiatives the proposal also facilitates program simplification and alignment. Each initiative is discussed in more detail below.

Repeal Exemption from Income Limit for Children

The 2009 legislature expanded MinnesotaCare by eliminating the income limit for children, effective July 1, 2009, or upon federal approval, whichever is later. If the 2009 law is implemented, any child whose household income exceeds 275% FPG will be eligible for MinnesotaCare while paying the maximum premium.

This proposal repeals the elimination of the income limit for children. Children who apply for MinnesotaCare, and have household income exceeding 275% FPG, would remain ineligible. Children enrolled in MinnesotaCare whose income grows to exceed 275% FPG may remain enrolled if they meet the MCHA exemption (a comparison of household income to a policy with a \$500 deductible offered under the Minnesota Comprehensive Health Association.)

Currently, very few children enrolled in MinnesotaCare exceed the income limit and pay the maximum premium, which starting July 1, 2010, is \$480 per month. This amount is generally greater than the cost of purchasing a comparable policy in the private market. As such, the costs of making systems and program changes to implement the initiative exceed the probable "take-up" of MinnesotaCare. In addition, repealing the initiative avoids creating undue complexity from exempting a group from the program's income limits while requiring all other applicants to meet income requirements.

Repeal Exemption from Cancellation for Non-Renewal for Children

Currently, all MinnesotaCare enrollees are required to submit an annual renewal, and are disenrolled at the end of the eligibility period if they fail to do so timely. The 2009 legislature eliminated the provision requiring disenrollment for failure to renew coverage annually for children with household income equal to or below 275% FPG. If the 2009 law is implemented, household members who are adults, including parents, and children with household income above 275% FPG will still be subject to the annual renewal requirements, while children with household income at or below 275% FPG will not. MinnesotaCare must use alternative methods to verify household income for purposes of determining continued eligibility and premiums for the children.

This proposal repeals the renewal exemption for children with household income at or below 275% FPG prior to implementation. Children would remain subject to disenrollment if they failed to submit information and verifications needed to renew their MinnesotaCare eligibility every 12 months.

The renewal exemption would increase the complexity of the MinnesotaCare program. Since children with household income above 275% FPG would not be exempt from renewal requirements, this provision would further complicate the program by creating two sets of eligibility rules for children, some of whom may have household income that fluctuates above and below the 275% FPG limit throughout the year. Because many

HUMAN SERVICES DEPT

Change Item: Repeal Unapproved MnCare Changes

families have some children enrolled in MA and others in MinnesotaCare, continuing to require MA renewal forms while exempting certain children from the MinnesotaCare renewal requirements will cause confusion for families. Additionally, since adults would not be exempt from annual renewal requirements, families will be confused when eligibility is cancelled for parents, while the children continue to be covered. Understanding and explaining the special renewal exemption for children would be difficult for workers. It is also unclear how the renewal exemption would interact with other enrollment and retention strategies, such as the premium grace month, renewal rolling month, and elimination of premiums and insurance barriers for children with household income at or below 200% FPG.

Repeal Automatic MinnesotaCare Eligibility for Certain Children

The 2009 Legislature made children who are residing in foster care or a juvenile residential correctional facility on the child's 18th birthday automatically eligible for MinnesotaCare upon termination or release until the child reaches the age of 21. Those children are exempt from the requirement to pay MinnesotaCare premiums. If implemented, the current provision would complicate program eligibility by providing unnecessary duplicative coverage. This proposal would repeal that provision.

Children receiving Title IV-E foster care services can automatically receive MA until the age of 21. Recent changes in the law have extended eligibility for foster care services to children beyond their 18th birthday until the age of 21. This includes children residing in a juvenile correctional facility for which the facility maintains guardianship over the child. As long as the child remains enrolled in school, participates in a program designed to remove barriers to employment, maintains employment, or is incapable of any of these activities due to a medical condition, they may remain eligible for foster care services until the age of 21.

Children receiving Title IV-E foster care services are automatically eligible for MA. As such, clients who receive foster care services beyond age 18 also remain automatically eligible for MA. Additionally, effective January 1, 2014, the Patient Protection and Affordable Care Act (ACA) extends coverage until the age of 26 for children enrolled in foster care services on their 18th birthday. Repeal of the current MinnesotaCare provision furthers the goal of program simplification by eliminating unnecessary duplicative coverage.

Statutory Change: Minnesota Statutes § 256L.04, Subd. 1b, Subd. 7a; § 256L.07, Subd. 1; § 256L.05, Subd. 3a; § 256L.07, Subd. 1, Subd. 2, Subd. 3; § 256L.15, Subd. 2, Subd. 3.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund						
Health Care Access Fund			-193	-2,154	-8,154	-10,466
Other Fund						
Total All Funds			-193	-2,154	-8,154	-10,466
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
HCAF	31	MinnesotaCare Grants	-149	-2,010	-7,947	-10,259
HCAF	13	MinnesotaCare Ops	-67	-222	-319	-319
HCAF	REV2	Admin FFP @ 35%	23	78	112	112
FTEs Requested						
HCAF	13	MinnesotaCare Ops	-1	-2.5	-5	-5

HUMAN SERVICES DEPT

Change Item: Federal Compliance: Eligibility Changes

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$15,930	\$38,332	\$33,869	\$4,822
Revenues	0	0	0	0
Other Fund: HCAF				
Expenditures	1,988	2,904	2,904	2,904
Revenues	0	0	0	0
Net Fiscal Impact	\$17,918	\$41,236	\$36,773	\$7,726

Recommendation

The Governor recommends a continued delay in implementation of pending eligibility changes to MinnesotaCare and Medical Assistance (MA). These eligibility changes were previously delayed to comply with the Medicaid maintenance of effort (MOE) requirement in the federal American Recovery and Reinvestment Act (ARRA). A continued delay in implementation is required to comply with the subsequent maintenance of effort requirement in the federal Patient Protection and Affordable Care Act (ACA). The continued delay has a combined cost to the general and Health Care Access Funds of \$59,154,000 over the 2012-2013 biennium.

Rationale

Both federal laws, the ARRA and the ACA, prevent states from implementing more restrictive eligibility standards, methodologies or procedures for Medicaid (as well as for CHIP, the federal Children's Health Insurance Program) than those that were effective on July 1, 2008, and March 23, 2010, respectively.

To avoid violating the ARRA MOE requirement, the 2010 legislature amended state law to ensure that the scheduled eligibility changes would not become effective until after the enhanced Federal Medical Assistance Percentage (FMAP) period, which was extended to June 30, 2011 by federal action, ended. However, the subsequent ACA maintenance of effort requirement does not expire until January 1, 2014, for adult eligibility groups and until September 30, 2019, for eligibility groups containing children. If the eligibility changes are allowed to become effective July 1, 2011, the state would be in violation of the ACA maintenance of effort requirement.

This recommendation further delays the problematic eligibility changes until after the related ACA MOE requirement has ended. The affected provisions and their proposed expiration dates are as follows:

- Sunset of MinnesotaCare premium payments for military members. See Minn. Stat. § 256L.15 subd. 1. (September 30, 2019).
- A change in how new household members are added to the MinnesotaCare household. Currently, a family can choose to add a new household member when the person enters the household, or they can wait until next renewal. The provision being delayed would eliminate the option of waiting until renewal to recognize the new household member. See Minnesota Laws 2005, First Special Session chapter 4, article 8, section 66 as amended by Minnesota Laws 2009, chapter 173, article 3, section 24 (September 30, 2019)
- Bank accounts that contain personal income or assets cannot be considered a business capital or operating asset for MinnesotaCare and MA eligibility. See Minnesota Laws 2009, chapter 79, article 5, section 17. (September 30, 2019)
- The method for reducing excess assets during the three months prior to application is restricted. See Minnesota Laws 2009, chapter 79, article 5, section 18. (January 1, 2014).
- A period of ineligibility for long-term care may be eliminated if all of the assets transferred for less than fair market value used to calculate the period of ineligibility, or cash equal to the value of the assets at the time of the transfer, are returned within 12 months after the date the period of ineligibility began. A period of ineligibility must not be adjusted if less than the full amount of the transferred assets or the full cash value of the transferred assets are returned. See Minnesota Laws 2009, chapter 79, article 5, section 22. (January 1, 2014).
- The nursing facility level of care criteria for long-term care eligibility. See Minnesota Laws 2009, chapter 79, article 8, section 4. (January 1, 2014 for individuals aged 21 and older, and October 1, 2019 for individuals under age 21). A related provision is the implementation of Essential Community Supports grants, which provide a limited number of services to individuals age 65 and older who will no longer meet the nursing facility level of care criteria to help them remain living in the community.

HUMAN SERVICES DEPT

Change Item: Federal Compliance: Eligibility Changes

Implementation is delayed until January 1, 2014 and the ESC grants are defunded through FY2014. See Minnesota Laws 2009, chapter 79, article 8, section 51.

- A beneficiary's interest in a pooled trust is an available asset unless the trust specifies that upon the beneficiary's death or termination of the trust, DHS receives an amount up to the amount of MA paid on behalf of the beneficiary. The pooled trust cannot retain more than 10% of the sub-account's value at the time of the beneficiary's death or termination of the trust. See Minnesota Laws 2009, chapter 173, article 1, section 17. (January 1, 2014).

Statutory Change: M.S. 256L.15 subd. 1; Minnesota Laws 2005, First Special Session chapter 4, article 8, section 66 as amended by Minnesota Laws 2009, chapter 173, article 3, section 24; Minnesota Laws 2009, chapter 79, article 5, section 17; Minnesota Laws 2009, chapter 79, article 5, section 18; Minnesota Laws 2009, chapter 79, article 5, section 22; Minnesota Laws 2009, chapter 79, article 8, section 4; Minnesota Laws 2009, chapter 173, article 1, section 17.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			15,930	38,332	33,869	4,822
Health Care Access Fund			1,988	2,904	2,904	2,904
Other Fund						
Total All Funds			17,918	41,236	36,773	7,726
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
GF	33 ED	MA Grants	9,971	22,948	17,979	0
GF	33 FC	MA Grants	631	933	933	933
GF	33 LF	MA Grants	5,973	11,779	12,749	3,889
GF	33 LW	MA NF LOC	3,542	7,602	6,278	0
GF	34	Alternative Care Grants NF LOC	2,223	2,349	1,849	0
GF	53	Ageing & Adult Svcs Grants - ECS	-6,410	-7,279	-5,919	0
HCAF	31	MnCare Grants	100	100	100	100
HCAF	31	MnCare Grants	1,888	2,804	2,804	2,804
FTEs Requested						

HUMAN SERVICES DEPT

Fund Level Change Item: Adjust Transfers between the HCAF & GF

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Transfers In	\$0	\$(163,268)	\$0	\$0
Transfers In	0	48,000	48,000	0
Other Fund: HCAF				
Transfers Out	0	48,000	48,000	0
Transfers Out	0	(163,268)	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends adjusting current law transfers between the health care access fund and the General Fund by a net \$115.268 million. The adjustment to the transfers effectively retains resources in the health care access fund such that the fund has a positive balance for the FY 2012-13 biennium rather than a deficit.

Rationale

In the 2010 legislative session, several transfers were enacted in order to help fund the optional expansion of Medical Assistance eligibility for adults without children with incomes at or below 75% of the federal poverty guideline. These transfers shifted resources from the health care access fund to the general fund due to the shift in enrollment from MinnesotaCare (which is paid for by the health care access fund) to Medical Assistance (which is paid for by the General Fund). The health care access fund was balanced at the end of session, but faster-than-expected increases in MinnesotaCare enrollment led to a forecast deficit of \$151.702 million for FY 2013 in the November 2010 forecast.

In order to balance the health care access fund, the Governor recommends reducing the \$286.150 million total transfer out specified in current law by \$163.268 million in FY 2013. Restoring solvency to the fund for FY 2013 causes the restoration of a \$48 million transfer from the general fund to the health care access fund (specified in M.S. 16A.724) for FY 2013 and FY 2014. These actions result in a net reduction of \$115.268 million to the total transfers out of the health care access fund that would otherwise occur in FY 2013.

Statutory Change: Laws 2010, 1st Special Session, Chapter 1, Article 25, Sec. 3, Subd. 6a

HUMAN SERVICES DEPT

Change Item: Tighten CD Tx Placement Criteria

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,653)	\$(5,414)	\$(5,493)	\$(5,838)
Revenues	0	0	0	0
Other Fund: HCAF				
Expenditures	(8)	(11)	(9)	(5)
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,661)	\$(5,425)	\$(5,502)	\$(5,843)

Recommendation

The Governor recommends tightening placement criteria for admission into residential chemical dependency treatment programs in order to ensure appropriate use of this more intensive level of service. A general fund savings of \$9.086 million is projected for the 2012-2013 biennium. As a result of this policy change there will be about 1,895 placements to outpatient chemical dependency treatment each year that would have otherwise been served in residential settings.

Rationale

Current placement criteria allows for some clients to receive residential treatment when they would be able to benefit from a non-residential treatment combined with a board and lodging referral based upon their assessment areas of relapse and recovery environment. The proposed change would limit residential placements to only those persons scoring the highest severity scores in the assessment for these two categories. A change in these placement criteria would better align needs assessed with an appropriate placement at a reduced level of cost.

In 2008 the Department of Human Services promulgated new administrative rules governing the chemical dependency assessment and referral process. In the process of promulgating these rules the criteria for placement in residential settings was relaxed to allow admission of people assessed with somewhat lower levels of risk for relapse or continued use while in treatment or assessed to be exposed to a poor environment for recovery. Rule 9530.6622 sub. 5 and 6 allowed for individual persons assessed for CD treatment at a Risk Rating of three in these domains to be placed in residential programs. Removing this "option" would result in consistent placement in 24 hour care of only those assessed with the highest levels of risk.

As a result of this change, clients would only go into residential treatment settings if their risk for relapse or continued use was at a level where "the client has no coping skills to arrest mental health or addiction illnesses, or prevent relapse. The client has no recognition or understanding of relapse and recidivism issues and displays high vulnerability for further substance use disorder or mental health problems." Or if their recovery environment was characterized as:

- a chronically antagonistic significant other, living environment, family, peer group, or long-term criminal justice involvement that is harmful to recovery or treatment progress; or
- the client has an actively antagonistic significant other, family, work, or living environment, with immediate threat to the client's safety and well-being."

See Minnesota Rules, subparts 9530.6622 sub. 5 and 6:

<https://www.revisor.mn.gov/data/revisor/rule/current/9530/9530.6622.pdf>

Statutory Change: This proposal will require amendments in Minnesota Statutes chapter 254B.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(3,653)	(5,414)	(5,493)	(5,838)
Health Care Access Fund			(8)	(11)	(9)	(5)
Total All Funds			(3,661)	(5,425)	(5,502)	(5,843)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
100	35	CD Entitlement Grants	(3,653)	(5,414)	(5,493)	(5,838)
190	35	CD Entitlement Grants	(8)	(11)	(9)	(5)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: County Share of CD Treatment Costs

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(4,494)	\$(4,991)	\$(5,194)	\$(5,606)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(4,494)	\$(4,991)	\$(5,194)	\$(5,606)

Recommendation

The Governor recommends increasing the county share of chemical dependency treatment costs. A general fund savings of \$9.485 million is projected for the 2012-2013 biennium. The county share of non-federal treatment costs is currently set in statute at 16.14% for Consolidated Chemical Dependency Treatment Fund (CCDTF) clients who are not enrolled in Medical Assistance. The Governor recommends increasing the county percent share to 22.95% in order to achieve the level of state savings shown above.

This change will be effective beginning with claims processed starting July 1, 2011.

Rationale

Chemical dependency treatment placement decisions funded through the Consolidated Chemical Dependency Treatment Fund (CCDTF) are made at the local level, using objective criteria in processes governed by state statutes and administrative rule. Increasing the county share of costs for this care provides increased local incentives for judicious use of public treatment resources and reduces the state share of the cost of chemical dependency treatment.

Increasing the county share of service costs has the potential to decrease county assessment/referrals for substance use disorder treatment. This may in turn, reduce access to care for patients. The Department considered reductions to provider rates as an alternative to increasing the county share of costs. Further reductions to provider rates could drastically impact the sustainability of the essential provider structure. Over the past nine years providers have had four years of frozen rates, three years of reductions, and two years of rate increases at 2% and 3%. The Department is also in the process of implementing a new methodology for setting provider rates and it was felt that a reduction would further confuse the transition to the new rate system.

Statutory Change: This proposal will require amendments in Minnesota Statutes chapter 254B to adjust the county share of treatment costs.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			(4,494)	(4,991)	(5,194)	(5,606)
Health Care Access Fund						
Other Fund						
Total All Funds			(4,494)	(4,991)	(5,194)	(5,606)
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
100	35	CD Entitlement Grants	(4,494)	(4,991)	(5,194)	(5,606)
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Reduce SOS Mental Health Services

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(2,670)	\$(2,713)	\$(2,713)	\$(2,713)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,670)	\$(2,713)	\$(2,713)	\$(2,713)

Recommendation

The Governor recommends closing one State-Operated Community Behavioral Health Hospital. A savings to the general fund of \$5.383 million is projected for the 2012-2013 biennium. These actions will reduce the number of available sub-acute mental health inpatient beds available to persons with complex conditions and mental illness.

Rationale

The Mental Health Services provided by the Minnesota Department of Human Services (DHS) State Operated Services presently includes services delivered at inpatient psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings. Service sites are located throughout the State. Existing settings include Community Behavioral Health Hospitals (CBHH) in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls, Rochester, St. Peter, and the Regional Treatment Center located in Anoka. Other service settings are located in Brainerd, Cambridge, St. Paul, Wadena, and Willmar.

DHS proposes to close the CBHH-Willmar serving adults with mental illness and complex conditions. The Department plans to move the Child & Adolescent Behavioral Health Services (CABHS) inpatient program, currently located on the former Willmar Regional Treatment Center Campus, to the vacated CBHH-Willmar space. Moving the CABHS program from the current space to the CBHH-Willmar space will allow for improvements in both patient safety and the delivery of services.

The target date for completion of these proposed changes is July 1, 2011.

This action will result in the reduction in 18.3 FTE's within State Operated Services.

Statutory Change: Rider

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			-2,670	-2,713	-2,713	-2,713
Health Care Access Fund						
Other Fund						
Total All Funds			-2670	-2713	-2713	-2713
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	90	Mental Health	-2,670	-2,713	-2,713	-2,713
100	REV1	Revenue	0	0	0	0
FTEs Requested						
			-18.3	-18.3	-18.3	-18.3

HUMAN SERVICES DEPT

Change Item: Coverage for Tribal Child Placements

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Other Fund: Special Revenue				
Expenditures	\$27	\$0	\$0	\$0
Expenditures	(27)	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends implementation of Medical Assistance reimbursement of children's residential mental health treatment services through the federal encounter rate for treatment of Indian children when the Indian tribe operates or contracts for the children's residential mental health treatment services. Since payments to tribes under the encounter rate are made entirely from federal funds, this proposal is budget neutral to the state.

Rationale

Increasingly, Minnesota's tribes are taking a larger role in the design and delivery of mental health and social services for their members. Supporting this trend, this proposal will establish the use of encounter rate claim reimbursement for mental health care provided to member children in children's residential mental health treatment facilities either operated by or under contract with a Minnesota tribe or Indian Health Services.

Currently, counties are responsible for covering the costs of care and treatment in children's residential mental health facilities. When the child and facility are eligible for Medical Assistance and/or Title IV-E reimbursement, the county is able to recoup a portion of its cost through these federal reimbursement mechanisms. Allowing tribes to access additional federal Medicaid funding for children's residential mental health treatment of tribal members improves the tribes' standing in placement decision making and their ability to be actively involved in the care and treatment of their children. Also, since the tribes can bring 100% federal funding to the table as they partner with counties to provide residential treatment services for their members, counties will be relieved of paying for the non-federal share of treatment costs. Counties will still, however, generally be responsible for the non-treatment or foster care portion of placement costs.

Since Medicaid encounter claims for care provided through Tribes are paid entirely from federal funds, there are no anticipated ongoing state costs. The additional federal funds offset a current county responsibility, so there are also no state savings from this proposal. The proposal does include small one-time state costs associated with adjusting MMIS to handle the new claiming processes. The estimated total cost of the systems programming work is \$27,000 in SFY2012. The Department has existing statutory authority (under M.S. 256B.0945) to withhold a portion of county federal earnings to cover its cost in administering this benefit. Since the counties will benefit financially from this change, the Department will exercise its authority to fund the systems cost from a portion of the county revenues.

Statutory Change: M.S. 256B.0625, subd. 41 and 256B.0945, subd. 4.

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund						
Health Care Access Fund						
Other Fund			0			
Total All Funds			0	0	0	0
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
200	13	Statutory Revenue	27			
200	11	Statutory Revenue Expenditure	(27)			
FTEs Requested						

HUMAN SERVICES DEPT

Change Item: Mn Sex Offender Program Growth

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$2,846	\$5,842	\$5,842	\$5,842
Revenues	285	584	584	584
Net Fiscal Impact	\$2,561	\$5,258	\$5,258	\$5,258

Recommendation

The Governor recommends increasing General Fund appropriations for the Minnesota Sex Offender Program (MSOP) to address current estimates for increases in the number of commitments to MSOP. The Governor requests an increase in base funding of \$2.846 million in FY 2012 and \$5.842 million in FY 2013 for projected client growth in the FY 2012-2013 biennium. These appropriations will be offset by collections of \$869,000; the net impact to the General Fund is \$7.819 million for the biennium.

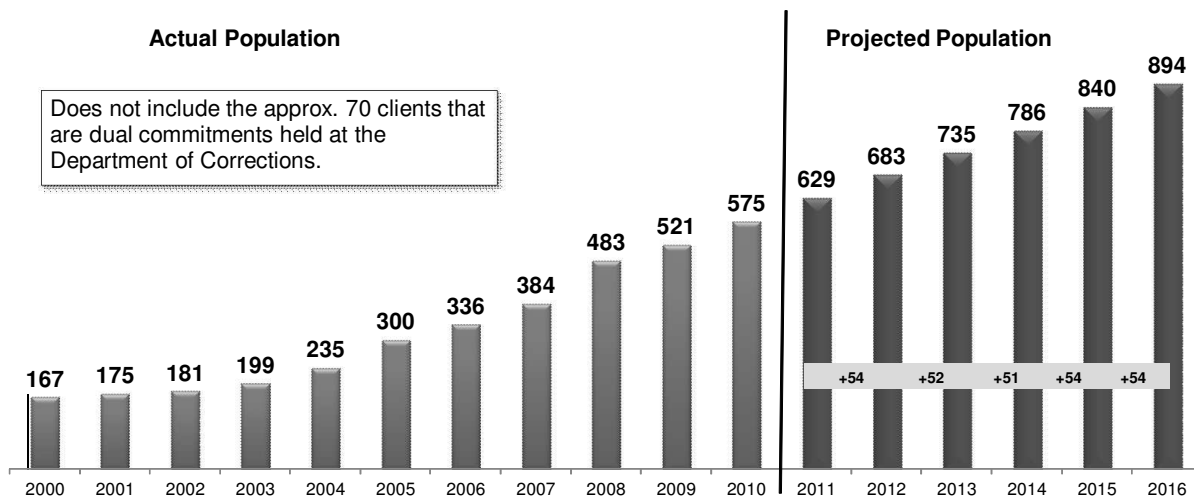
Rationale

Minnesota Statutes, Chapter 253B, requires that the Department of Human Services (DHS) provide treatment to individuals who are civilly committed by the court system as sexually dangerous persons (SDP) or sexual psychopathic personalities (SPP). The Minnesota Sex Offender Program (MSOP) provides legally-required comprehensive and individualized sex offender treatment in secure facilities for individuals civilly committed by the courts.

Rates of commitment to the MSOP have been increasing since 2003. Under the current (November 2010) forecast, MSOP is expected to increase its census from 575 clients in FY 2011 (as of July 1, 2010) to 735 clients in FY 2013.

MSOP Facility Population

(July 1 each year)



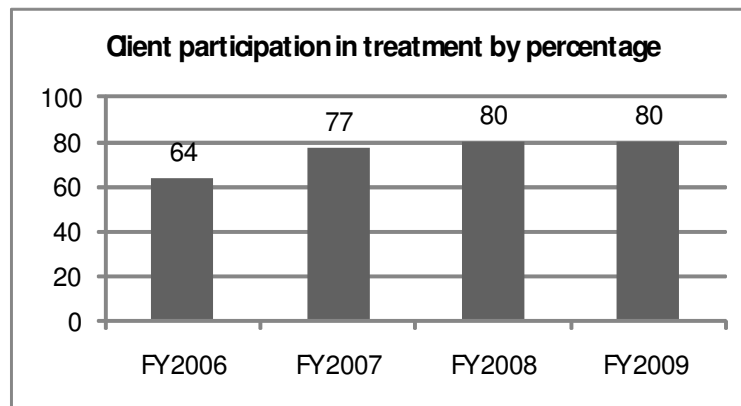
Based on current trends, current law, and current practices. (Nov 2010 Forecast)

Key Goals and Measures

MSOP treatment is individualized based upon the clinical needs, risk potential, and responsiveness to treatment, for all clients. Consistent with the research and standard clinical practices, MOSP provides integrated treatment including sex-offender-specific treatment, vocational and work opportunities, education, therapeutic recreation, and mental health services. To assess utilization of treatment services, 80% of population will be involved in sex offender treatment.

HUMAN SERVICES DEPT

Change Item: Mn Sex Offender Program Growth



- Assessment measures and targets are currently being developed to assess similar participation trends in vocational, educational, and therapeutic recreational programming. These tools will be used to report on this data in the Annual Performance Report to the legislature, submitted in January of each year.

For more information on DHS performance measures, see <http://departmentresults.state.mn.us/hs/index.html>.

Statutory Change: Not Applicable

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (\$000s)			FY 2012	FY 2013	FY 2014	FY 2015
General Fund			2,561	5,258	5,258	5,258
Health Care Access Fund						
Other Fund						
Total All Funds			2,561	5,258	5,258	5,258
Budget Detail			FY 2012	FY 2013	FY 2014	FY 2015
Fund	New BACT or Non-Ded REV	Description				
100	71	MSOP Appropriations-Growth	2,846	5,842	5,842	5,842
100	REV	MSOP Collections	(285)	(584)	(584)	(584)
FTEs Requested						
100	71	Additional positions needed for growth	28	28	28	28

Program Description

The purpose of the Central Office Operations is to combine the activities that provide department management, infrastructure, technology, and program administration in the Department of Human Services.

Budget Activities

This program includes the following budget activities:

- Finance & Management
- Children & Families
- Health Care
- Continuing Care
- Chemical & Mental Health

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	142,350	135,471	135,111	135,111	270,222
Technical Adjustments					
Approved Transfer Between Appr			(2,417)	(2,417)	(4,834)
Current Law Base Change			(1,400)	(1,725)	(3,125)
Operating Budget Reduction			(249)	(249)	(498)
Transfers Between Agencies			77	77	154
Subtotal - Forecast Base	142,350	135,471	131,122	130,797	261,919
Governor's Recommendations					
Operating Budget Reduced: Central Office		0	(4,615)	(4,615)	(9,230)
Restructure Licensing Fees		0	(3,000)	(3,000)	(6,000)
Licensing Fees for Background Studies		0	(1,000)	(1,000)	(2,000)
Combine & Restructure EGA & EMSA		0	10	0	10
Child Care Assistance Program Changes		0	168	0	168
Increase Child Support Cost Recovery Fee		0	(519)	(1,100)	(1,619)
Managing Elderly Waiver & AC Programs		0	110	101	211
Low Needs NF Case Mix		0	111	101	212
Reduce Certain Congregate Living Rates		0	453	500	953
Reduce Provider Rates & Grants		0	200	200	400
Modify Non-Rate Payments		0	3	0	3
Increase MA-EPD Premium and Cost Share		0	0	110	110
Federal Compliance: Program Integrity		0	206	185	391
MA Electronic Health Record Incentives		0	319	86	405
Leverage Federal Systems Funding		0	900	1,600	2,500
Evidence-Based Childbirth Program		0	144	114	258
Rehab Service Coverage & PA Changes		0	597	233	830
Modify Third Party Liability Processes		0	(108)	(108)	(216)
Modify Pharmacy Reimbursement Method		0	98	87	185
Payment of Medicare Crossover Claims		0	5	0	5
Reduce Rates for Transportation Services		0	2	0	2
Total	142,350	135,471	125,206	124,291	249,497
State Government Spec Revenue					
Current Appropriation	565	565	565	565	1,130
Subtotal - Forecast Base	565	565	565	565	1,130
Governor's Recommendations					
Restructure Licensing Fees		0	3,000	3,000	6,000
Total	565	565	3,565	3,565	7,130
Health Care Access					
Current Appropriation	34,594	34,429	34,429	34,429	68,858
Technical Adjustments					
Current Law Base Change			194	837	1,031
Subtotal - Forecast Base	34,594	34,429	34,623	35,266	69,889
Governor's Recommendations					
End MnCare for Adults Above 200% FPG		0	(18)	(187)	(205)
Repeal Unapproved MA Bridge Program		0	(508)	(612)	(1,120)
Repeal Unapproved MnCare Changes		0	(67)	(222)	(289)
Total	34,594	34,429	34,030	34,245	68,275
Federal Tanf					
Current Appropriation	718	2,382	2,382	2,382	4,764

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
Subtotal - Forecast Base	718	2,382	2,382	2,382	4,764
Total	718	2,382	2,382	2,382	4,764
Lottery Cash Flow					
Current Appropriation	151	153	153	153	306
Technical Adjustments					
Current Law Base Change			4	4	8
Subtotal - Forecast Base	151	153	157	157	314
Total	151	153	157	157	314
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	98,354	99,771	87,034	86,119	173,153
State Government Spec Revenue	551	579	3,565	3,565	7,130
Health Care Access	27,844	32,711	29,591	29,806	59,397
Federal Tanf	1,909	2,382	2,382	2,382	4,764
Lottery Cash Flow	151	153	157	157	314
Statutory Appropriations					
Miscellaneous Special Revenue	144,508	146,211	141,917	142,831	284,748
Federal	24,809	25,111	21,570	20,363	41,933
Federal Stimulus	178	144	0	0	0
Gift	14	41	10	10	20
Total	298,318	307,103	286,226	285,233	571,459
<u>Expenditures by Category</u>					
Total Compensation	185,331	181,307	180,286	179,315	359,601
Other Operating Expenses	112,367	125,751	109,687	109,695	219,382
Payments To Individuals	0	45	30	0	30
Local Assistance	620	0	0	0	0
Transfers	0	0	(3,777)	(3,777)	(7,554)
Total	298,318	307,103	286,226	285,233	571,459

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Activity</u>					
Finance & Management	81,882	82,366	74,744	74,358	149,102
Children & Families	96,054	97,264	94,145	94,293	188,438
Health Care	82,892	87,142	80,943	82,257	163,200
Continuing Care	28,935	29,115	25,782	23,414	49,196
Chemical & Mental Health	8,555	11,216	10,612	10,911	21,523
Total	298,318	307,103	286,226	285,233	571,459
Full-Time Equivalent (FTE)	2,262.6	2,256.4	2,198.1	2,162.9	

Activity at a Glance

Regulates 24,500 licensed programs and investigates 950 maltreatment allegations annually.

Conducts 251,500 background studies each year.

Conducts 8,900 administrative fair hearings per year.

Annually responds to more than 500 data privacy inquiries.

- Sets the strategic information technology and facilities management direction for the department.
- Provides facility planning, design, construction, and lease management services.
- Establishes agency-wide information security governance, risk, and compliance activities, including security policy, and risk assessment.

Develops and manages \$23.7 billion biennial budget for FY 2010-2011.

Processes approximately \$6.5 billion in annual receipts.

Develops financial reports and analyses for approximately 300 grant programs.

Prepares expenditure forecasts for more than 10 agency programs with state expenditures of \$4.6 billion in FY 2011.

Provides human resource support to 6,100 full-time equivalent DHS employees located across the state, covered by seven labor contracts/plans.

Provides personnel services to human services agencies in 73 counties with 3,800 employees covered by 59 labor contracts.

Responds to 850 media contacts annually.

Develops or approves content for DHS web sites, which contain 36,000 pages.

Activity Description

Finance and Management provides both internal operational support and direct program services for the department. Core services include: contract management, fair hearings, program licensing, internal auditing, legal support, information and technology support, facility management, financial management, reports and program forecasting, and human resources.

Finance and Management consists of a number of offices including: Compliance Office; Chief Information Office; Chief Financial Operations Office; Human Resources; Equal Opportunity Office; Enterprise Architecture; Office of Management, Support and Development; and the Commissioner's Office.

Population Served

Finance and Management offices support all the department's program areas, virtually all agency clients, businesses, and human services providers are served directly or indirectly by the functions of the business area.

Services Provided**Compliance Office**

The compliance office consists of four divisions which provide both direct services to program recipients/providers as well as department-wide operational support. The four divisions include:

Appeals and Regulations Division

- manages grants and contracts for department services;
- conducts administrative fair hearings for applicants and recipients of services whose benefits have been denied, reduced, or terminated;
- resolves appeals by applicants denied licenses or by providers whose licenses are suspended or revoked; and
- addresses appeals by Medical Assistance (MA) and General Assistance Medical Care service providers, principally MA long-term care payment rate appeals.

Licensing Division

- licenses, monitors, and investigates human services programs, including issuing approximately 2,800 new licenses annually;
- issues approximately 1,080 licensing sanctions per year;
- conducts approximately 251,500 background studies on people who provide direct contact services in programs licensed by DHS and the Minnesota Department of Health (MDH);
- investigates approximately 1,600 complaints about the quality of services provided in licensed programs, including approximately 950 investigations of abuse or neglect of children and vulnerable adults; and
- processes approximately 2,100 requests for administrative reconsideration of disqualifications based on background study information, maltreatment investigation findings, and licensing actions.

Internal Audits Office

- evaluates the department's system of internal controls, conducting management-requested operational and program evaluation reviews, and auditing counties, grantees, contractors, and vendors for fiscal and compliance requirements;

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: FINANCE & MANAGEMENT

Narrative

- conducts eligibility reviews of Medical Assistance (MA) and State Children's Health Insurance Program (SCHIP) enrollees for the federally mandated Payment Error Rate Measurement program; and
- conducts federally required audits of the Child Care Assistance program.

Legal Management Office

- manages the department's relationship with the Attorney General's Office;
- ensures compliance with the Minnesota Government Data Practices Act (MGDPA) and the federal Health Insurance Portability & Accountability Act (HIPAA); and
- provides support to the department and to the Attorney General's Office in handling complex litigation.

Office of the Chief Information Officer

This office provides agency-wide technology planning and support as well as administrative support functions such as facilities management and purchasing. The office

- provides strategic planning and technical expertise to DHS program areas and counties on the use of technology in serving clients better;
- manages the DHS technology infrastructure and manages all elements of the network, remote access solutions, and information technology services (ITS)-supported servers;
- provides desktop software and hardware and desktop support services such as data storage and backup, virus control, and help desk;
- develops and maintains information security and standards;
- coordinates facility planning, design, and management;
- provides physical building access controls and security;
- oversees agency inventory and property management;
- provides agency purchasing services, vendor management, and commodity contracts; and
- maintains the department's public, internal, and county web sites.

Chief Financial Operations Office

This office forecasts program expenditures and revenues, prepares reports and analyses of expenditures and revenues, and prepares fiscal notes projecting the effects of policy changes. Specific activities include

- providing oversight and strategic direction to all agency financial issues and financial operations;
- directing the agency's budget development process to produce deliverables required by the Minnesota Department of Management and Budget (MMB), including the Governor's biennial and supplemental budgets;
- managing communications with the legislature as related to the agency's budget and budget proposals;
- carrying out the full range of accounting and financial management functions for the agency, including: budgeting and accounting transactions; budget and cost allocation; payroll and accounts payable; accounts receivable; receipts center; accounting payments through major systems: MMIS (health care provider payments); MAXIS (economic assistance payments to families); MEC2 (payments to children care providers); PRISM (pass-through child support receipts and payments); accounting for grants and allocations to counties and providers, and time studies and rates;
- forecasting enrollment and expenditures in MA, MinnesotaCare, GAMC, Alternative Care, MFIP, Child Care, GA, GRH, and MSA for state budget purposes;
- conducting fiscal analysis for fiscal notes and to support the proposal development process, including analyses of changes to federal laws;
- producing statistical and fiscal reports for federal programs;
- administering the Parental Fee Program; and
- developing and managing fiscal policies and strategies to support policy objectives, meet changing federal requirements, and ensure fiscal accountability.

Human Resource Office

This office provides centralized human resources management services for all Department of Human Services (DHS) management and staff at the state level and staff of 73 county human services agencies through the Minnesota Merit System. Specific activities include:

- workforce planning, recruitment, assessment, selection, redeployment, compensation, classification, performance management, and HR-related training;
- labor contract administration, employee misconduct investigations, disciplinary actions, grievance handling/arbitration, and negotiations of supplemental agreements and memoranda of understanding;
- health, safety, workers compensation, and business continuity planning; and

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: FINANCE & MANAGEMENT

Narrative

- radiological emergency preparedness and management of the nuclear generating plant emergency reception centers.

Equal Opportunity Office

This office helps the department to develop a diverse workforce, which is able to provide effective, non-discriminatory services, programs, and policies. Specific activities include

- development of a culturally competent workforce through targeted recruitment, staff development opportunities, and affirmative action plan implementation; and
- enforcement of equal employment opportunity through investigations of complaints, development of policies and procedures, and coordination of issues related to the Americans with Disabilities Act.

Enterprise Architecture Office

This office is in the development phase of a strategic plan to transform the department's business architecture, to modernize current business systems, to bring focus to those systems which are core to the department, and to align the department, using best practices, in order to accomplish the department's mission.

Office of Management, Support and Development (OMSD)

This office provides agency level support for a number of key functions such as training, organizational development, project management, and performance measures. Specific activities include

- improving organizational effectiveness through training, leadership development, and coaching;
- providing team building and consulting on employee engagement;
- providing agency-level project management in support of agency projects and priorities;
- leading agency-level coordination of performance measurement for DHS priorities, the Annual County Performance Report, and performance/metric reporting; and
- facilitating survey development and administration, administrative policy coordination, and strategic planning coordination.

Commissioner's Office

This office supports the commissioner in the work done to meet the agency priorities and to serve those individuals who meet the qualifications for the various programs operated through the department. The office serves as the agency point of contact for the media, manages data requests from the media, writes news releases, and assists in developing the agency publications. Additionally, this office coordinates the legislative process for the agency.

Historical Perspective

Compliance Office

The fair hearings function in the Appeals and Regulations Division was initially focused on hearings for applicants and recipients of DHS health care and welfare benefits. However, the number of hearings has increased significantly over time, and the nature of hearings has changed from relatively simple, single-issue eligibility appeals to more complicated medical and social services appeals. The fair hearings function has also assumed responsibility for certain licensing and provider appeals and review of child and vulnerable adult maltreatment determinations.

In 1991, the Licensing Division assumed responsibility for developing a background study system following legislative action. In 1995 and 2001, the legislature expanded DHS' responsibility to include background studies on people providing services in programs licensed by the Minnesota Department of Health and the Minnesota Department of Corrections. In 2007, the legislature transferred responsibility for conducting background studies for child foster care from the counties to DHS and added responsibility to the Licensing Division for conducting background studies for adoptions (compliance with federal Adam Walsh requirements). In 1995, the legislature transferred responsibility for many vulnerable adult maltreatment investigations from counties to DHS and, in 1997, transferred certain responsibility for maltreatment of minors investigations from counties to DHS.

The Internal Audits Office was established in November 1995 to provide the department with an independent evaluation of its operations and to coordinate mandatory audit requirements for federal program funds. The office has developed a computer forensic service to assist DHS' Human Resources Division and other state agencies in personnel investigations. In 2009, a program evaluation function was added to provide more objective analysis of department programs and internal processes.

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: FINANCE & MANAGEMENT

Narrative

The department's Legal Management Office is responsible for ensuring DHS' implementation of, and compliance with, the federal Health Insurance Portability & Accountability Act (HIPAA) privacy regulations.

All aspects of the Compliance Office have been affected significantly by two trends

- more and faster-changing types of service models, which challenge traditional licensing and regulatory approaches; and
- the demands of clients, business partners, and DHS staff for increased use of electronic systems to share information and transact business.

Office of the Chief Information Officer

In 1995, the Chief Information Officer (CIO) position was established to lead DHS information technology (IT) and related strategic planning within the department. In a span of a few years, the IT organization broadened in scope and maturity. In 2003, the Chief Information Security position was established to provide leadership in overseeing DHS' successful implementation of and compliance with federal and state security regulations and policy. That same year the first DHS IT Strategic Plan was issued; it presents the business technology mission, vision, and goals for DHS IT and outlines strategies and action programs to accomplish the goals.

Within facilities management, flexibility and cost-effectiveness continue to be the vision over the next several years. In 2005-2006, DHS consolidated its primary central office workspace into facilities designed and constructed with an eye toward meeting the needs of the future workforce. The buildings were developed with flexibility to efficiently support moves and changes. Infrastructure has been designed to provide reliable and energy-efficient building systems. Automated building access controls provide timely handling of changing business needs. Sourcing systems and procurement processes are similarly designed to support a geographically distributed enterprise efficiently while providing appropriate controls.

Office of the Chief Financial Officer

The past 25 years have brought significant increases in the complexity of program funding and budgeting rules. Most recently, changes to General Assistance Medical Care (GAMC), multiple sources of federal stimulus funding, and federal health care reform are creating new challenges that impact accounting, reporting, forecasting, and fiscal analysis functions. Expectations have also increased for the use of electronic transfers of funds among DHS business partners. Financial Operations has responded by making greater use of technology. The department has developed and maintained electronic interfaces between computer systems within the department and between DHS, statewide, and county systems.

Human Resources

For human resources management, the aging workforce and labor shortages in highly skilled clinical positions (e.g., nurse practitioners, psychiatrists, licensed psychologists, and pharmacists) require that DHS continues to recruit even while staffing reductions are occurring in other areas. This results in additional complexity and the need for more creative planning efforts. Over the past few years significant transitions have also occurred in State Operated Services from large institutions to small, community-based facilities and services; these continuing efforts result in further re-evaluation and restructuring of human resource service delivery options.

Enterprise Architecture

This office was created at the beginning of 2010 to develop the "blueprint" which identifies how all parts of the agency work together to serve the ultimate end goal which is the best service possible for its clients.

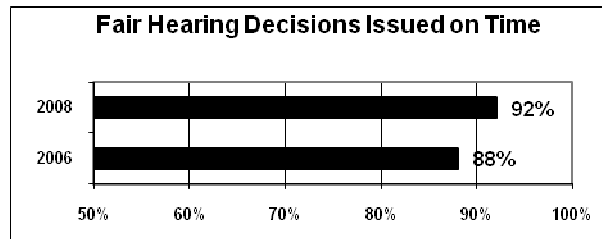
Office of Management, Supports and Development

The office was created in 2008 to support DHS management in achieving program and operational goals through improved coordination and support at an agency-wide level.

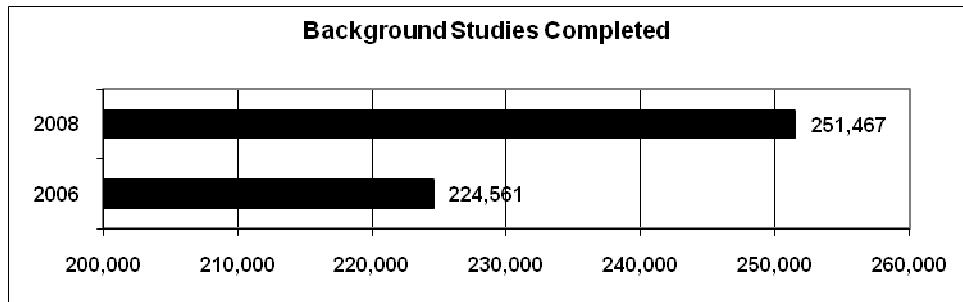
Key Activity Goals & Measures

Compliance Office

- **Improve delivery of legal and regulatory services to ensure system integrity and legal compliance.**
 - Percentage of final decisions in fair hearings issued within statutory deadlines. The department is required to issue final decisions for fair hearings within statutory deadlines. In FY 2006 and FY 2008, the department met the statutory deadline in 88% and 92% of the cases, respectively.

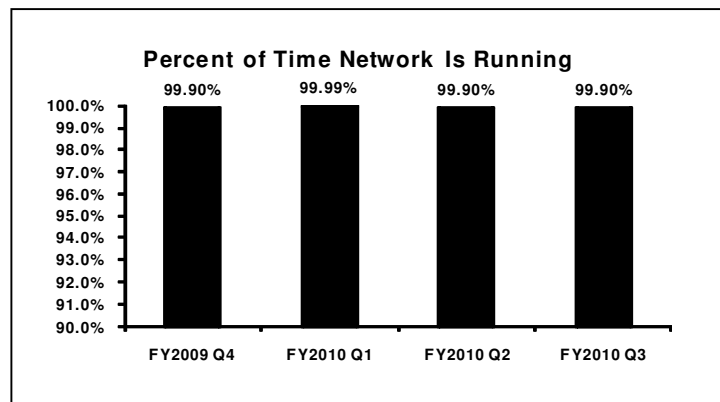


- Number of background studies completed for individuals who have direct contact with clients.



Office of the Chief Information Officer

- **Service Delivery:** Make it easier to deliver quality human services.
- **Governance:** Ensure that technology resources are assigned to those projects that will meet business goals.
- **Workforce:** Develop and support a workforce to maximize technology benefits.
- **Operations:** Make it easier to manage processes and support people.
- **Percentage of time that the department's network was up and running.** By keeping network services up and running a very high percentage of the time, technology operations is providing stable and reliable networking services so that DHS can efficiently and effectively provide human services.



Office of the Chief Financial Officer

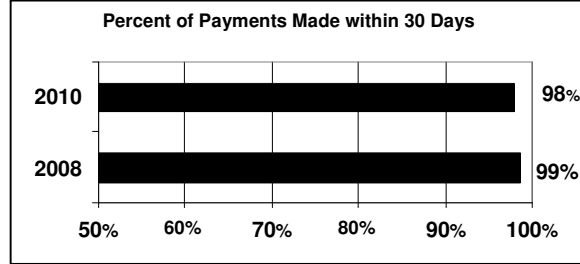
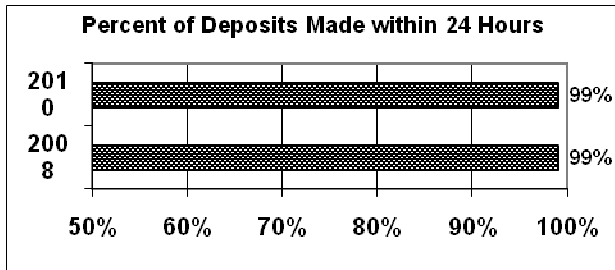
- **Ensure appropriate stewardship of public funds and maintain the highest accounting standards through DHS fiscal policies and processes.**
 - **Percentage of receipts volume deposited within 24 hours.** The department is required to make timely deposits. Infrequently, a check must be held longer than 24 hours because follow-up identification is required with the payee. *Of the total receipts volume in FY 2010, at least 99% were deposited within 24 hours.*
 - **Percentage of accounts payable volume paid within 30 days.** The department is required to make timely payments. *Of the total payment volume in FY 2010, the department made 97.9% of the payments within 30 days.*

HUMAN SERVICES DEPT

Program: **CENTRAL OFFICE OPERATIONS**

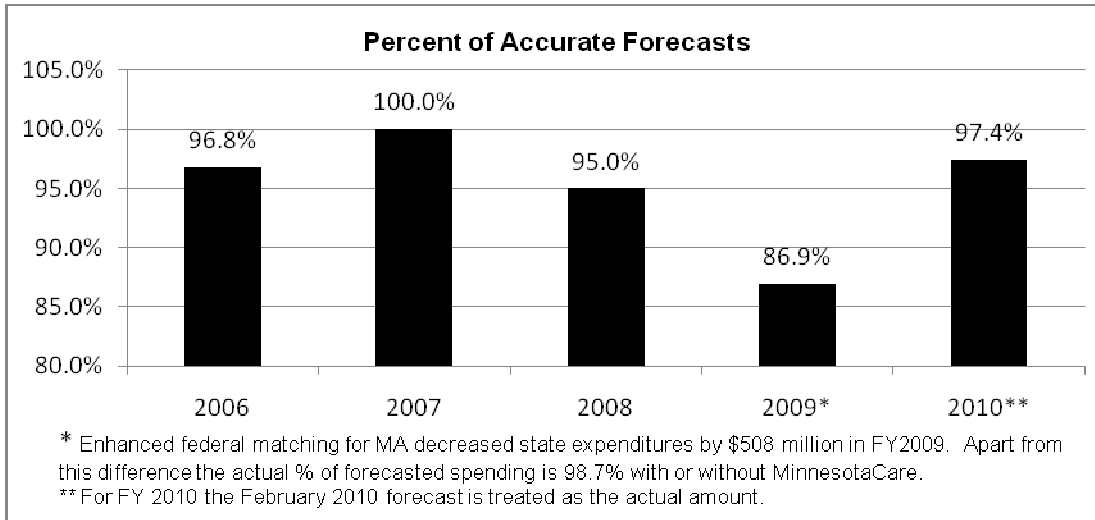
Activity: **FINANCE & MANAGEMENT**

Narrative



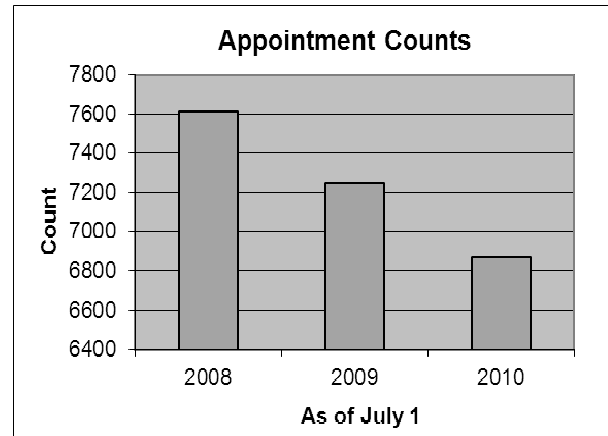
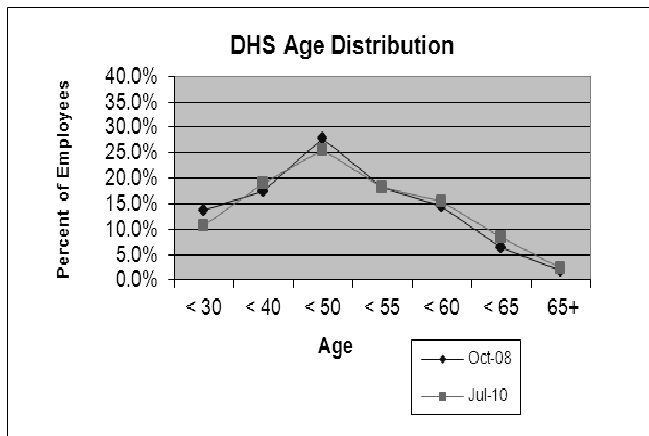
- Forecast accuracy: actual expenditures compared with forecasted expenditures.** Effective financial management requires accurate expenditure forecasts. Forecast accuracy is measured as actual expenditures (forecasted programs only) in a given year compared with the expenditures that were forecasted at the end of the legislative session that preceded the fiscal year. Forecasted programs include Medical Assistance, General Assistance Medical Care, MinnesotaCare, Minnesota Family Investment Program, Diversionary Work Program, Child Care Assistance Program, General Assistance, Group Residential Housing, Minnesota Supplemental Aid, and the Consolidated Chemical Dependency Treatment Fund.

Data in this graph was with reference to General Fund Programs, excluding MinnesotaCare.



Human Resources

- Create a flexible, efficient human resources system that meets the needs of managers and supervisors in a high-quality and timely manner.** DHS has an aging workforce and at the same time is reducing the total number of employees in active status as outlined in the following charts. This requires increased staffing utilization review to ensure human resources are used effectively.



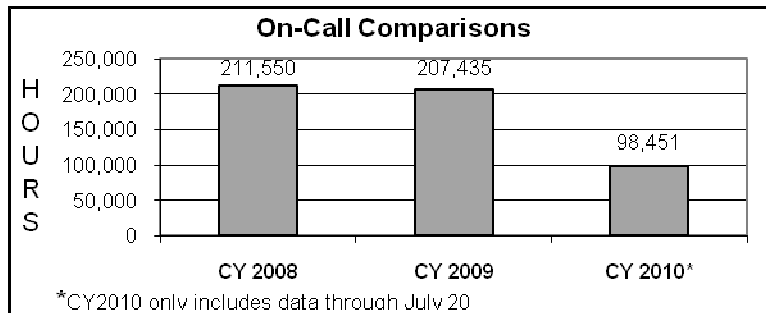
HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: FINANCE & MANAGEMENT

Narrative

The aging and reduced workforce has also resulted in reviewing and reducing other expenditures such as the number of hours that staff members are paid for on-call purposes.



Equal Opportunity

- *Reduce disparities in service access and outcomes for racial and ethnic populations.*
- *Improve service delivery through organizational effectiveness, cultural competency, and employee engagement.*

Office of Management Support and Development

- *Implementation of agency strategic initiatives.*
- *A results management framework consisting of outcome and performance reporting.*
- *Tools for a framework that maximizes management and leadership capacity for improved employee engagement.*

For more information on DHS performance measures, see

<http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>

Activity Funding

Finance and Management is funded with a combination of appropriations from the General Fund, health care access fund, state government special revenue fund, and federal funds. The General Fund is the single largest funding source for this budget activity.

The Licensing Division is of special note as its operations are funded not only by appropriations but also by fees generated from the completion of background studies.

Contact

For more information about the offices within Finance and Management, please contact the following numbers:

Compliance Office

- Chief Compliance Officer (651) 431-2924
- Appeals and Regulations Office (651) 431-3600
- Internal Audits Office (651) 431-3619
- Licensing Office (651) 296-3971

Office of the Chief Information Officer (651) 431-2110

Office of the Chief Financial Officer (651) 431-3725

Human Resources (651) 431-2999

Equal Opportunity (651) 431-3037

Enterprise Architecture (651) 431-2908

Office of Management Support and Development (651) 431-4650

Information on DHS programs is on the department's Web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: FINANCE & MANAGEMENT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	96,507	86,784	86,784	86,784	173,568
Technical Adjustments					
Approved Transfer Between Appr			(2,567)	(2,567)	(5,134)
Current Law Base Change			1,579	1,579	3,158
Operating Budget Reduction			(249)	(249)	(498)
Subtotal - Forecast Base	96,507	86,784	85,547	85,547	171,094
Governor's Recommendations					
Operating Budget Reduced: Central Office		0	(4,615)	(4,615)	(9,230)
Restructure Licensing Fees		0	(3,000)	(3,000)	(6,000)
Licensing Fees for Background Studies		0	(1,000)	(1,000)	(2,000)
Combine & Restructure EGA & EMSA		0	10	0	10
Child Care Assistance Program Changes		0	168	0	168
Increase Child Support Cost Recovery		0	(519)	(1,100)	(1,619)
Fee					
Reduce Certain Congregate Living Rates		0	3	0	3
Modify Non-Rate Payments		0	3	0	3
MA Electronic Health Record Incentives		0	319	86	405
Leverage Federal Systems Funding		0	900	1,600	2,500
Evidence-Based Childbirth Program		0	4	0	4
Rehab Service Coverage & PA Changes		0	577	0	577
Payment of Medicare Crossover Claims		0	5	0	5
Reduce Rates for Transportation Services		0	2	0	2
Total	96,507	86,784	78,404	77,518	155,922
State Government Spec Revenue					
Current Appropriation	440	440	440	440	880
Subtotal - Forecast Base	440	440	440	440	880
Governor's Recommendations					
Restructure Licensing Fees		0	3,000	3,000	6,000
Total	440	440	3,440	3,440	6,880
Health Care Access					
Current Appropriation	10,955	11,508	11,508	11,508	23,016
Subtotal - Forecast Base	10,955	11,508	11,508	11,508	23,016
Governor's Recommendations					
End MnCare for Adults Above 200% FPG		0	49	0	49
Total	10,955	11,508	11,557	11,508	23,065
Federal Tanf					
Current Appropriation	222	222	222	222	444
Subtotal - Forecast Base	222	222	222	222	444
Total	222	222	222	222	444

Expenditures by Fund **Direct Appropriations**

HUMAN SERVICES DEPT
Program: CENTRAL OFFICE OPERATIONS
Activity: FINANCE & MANAGEMENT

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
General	53,248	51,391	40,232	39,346	79,578
State Government Spec Revenue	431	454	3,440	3,440	6,880
Health Care Access	6,043	8,556	7,118	7,069	14,187
Federal Tanf	100	222	222	222	444
Statutory Appropriations					
Miscellaneous Special Revenue	20,816	20,451	22,440	22,989	45,429
Federal	1,244	1,292	1,292	1,292	2,584
Total	81,882	82,366	74,744	74,358	149,102
<u>Expenditures by Category</u>					
Total Compensation	48,698	45,570	45,938	45,937	91,875
Other Operating Expenses	33,181	36,796	32,583	32,198	64,781
Local Assistance	3	0	0	0	0
Transfers	0	0	(3,777)	(3,777)	(7,554)
Total	81,882	82,366	74,744	74,358	149,102
Full-Time Equivalents (FTE)	572.5	570.8	539.6	530.2	

Activity at a Glance

- Develops policy for children's and economic assistance programs.
- Provides administrative support to child welfare and children's mental health grantees.
- Works with counties, tribes, and other providers to implement best practices.
- Provides training and technical assistance to direct service providers.
- Implements federal changes.
- Provides benefits to more than 736,800 people through MAXIS each month.
- Provides child support services to 398,000 custodial and non-custodial parents and 252,000 children annually.
- Provides child care assistance to more than 33,700 children through MEC² monthly.
- Provides data support for services to 4,892 children who are determined to be victims of abuse or neglect and 11,700 children in out-of-home placements annually.
- Tracks services to 347,000 clients in 82,000 child welfare-related and 139,905 adult services cases annually through SSIS.

Activity Description

Children & Families central office operations provide policy development, program implementation, grants management, training, and technical assistance to counties, tribes, and grantees. This activity provides administrative support for programs serving children and families that are funded through the agency's Forecasted Programs and Grant Programs. The Children & Families Operations activity also provides the computer systems and quality assurance infrastructure necessary to deliver services for children and families.

Population Served

This activity supports services that are provided to:

- families and individuals who receive economic assistance;
- children who receive child support enforcement services;
- families who receive child care assistance services;
- children who are at risk of abuse or neglect, in out-of-home placements, in need of adoption, under state guardianship, or have an emotional disturbance and need mental health services; and
- direct service workers in 87 counties who receive policy assistance, technical support, and training.

The Operations section serves:

- Minnesotans who receive economic assistance benefits through MAXIS;
- families who receive child care assistance services through Minnesota Electronic Child Care System (MEC2), which is part of MAXIS;
- children who receive child support enforcement services through PRISM;
- families and children who receive social services through Social Service Information System (SSIS); and
- state and county workers, who use MAXIS, PRISM, and MEC2, and county social service workers who use SSIS.

Services Provided

Central Office Operations for Children and Families:

- provides technical support and policy interpretation for 87 county human services agencies through training, instructional manuals, policy assistance, and system support help desks;
- assists with case management;
- implements and monitors grant projects;
- conducts pilot programs to improve service delivery and outcomes;
- implements policy changes and develops and analyzes legislation;
- administers social services, cash assistance, and employment services to refugees;
- assures and documents compliance with state and federal laws;
- conducts quality assurance reviews of county practices; and
- manages intergovernmental relations.

Operations include:

- operating and maintaining the eligibility and delivery systems for Food Support, General Assistance, Minnesota Supplemental Aid, Minnesota Family Investment Program (MFIP), Diversionary Work Program, Child Care Assistance Program, Medical Assistance (MA), General Assistance Medical Care, Group Residential Housing, Minnesota Food Assistance Program, and Emergency General Assistance;
- collecting and distributing child support payments, locating absent parents, establishing paternity, and enforcing court orders;
- conducting federally mandated quality control reviews, payment accuracy assessments, and administrative evaluations for MFIP, Food Support, MA, and child support;

HUMAN SERVICES DEPT

Program: **CENTRAL OFFICE OPERATIONS**

Activity: **CHILDREN & FAMILIES**

Narrative

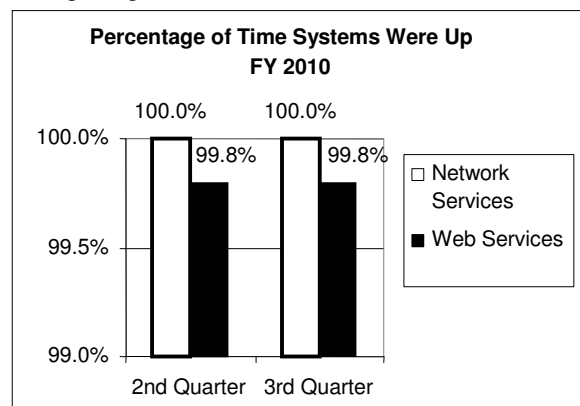
- administering the Electronic Benefit Transfer (EBT) system;
- providing centralized mailing of benefits, forms, and legal notices to clients;
- managing program integrity (fraud prevention) and control functions;
- collecting and analyzing data trends and activities that determine program effectiveness, establish program error levels to prevent recipient fraud, and support long-range planning;
- managing claims and recoveries of overpayments for the cash public assistance program, including the Treasury Offset Program;
- supporting county social service workers by automating routine tasks, helping determine client needs, and providing timely information on children who have been maltreated, are in out-of-home placement, or who are awaiting adoption; and
- managing and overseeing counties' work in child protection, out-of-home placement, adoption, and foster care services.

Key Activity Goals & Measures

- **Improve outcomes for the most at-risk children.** The department is taking steps to implement and evaluate new service approaches for the most at-risk children and their families. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>). Working with others, the department will provide early and targeted services to children in Minnesota who are at greatest risk for poor outcomes, including those who are homeless, disabled, teenage parents, in child protection, or in deep or persistent poverty. By identifying these at-risk children, building partnerships and service networks, and implementing targeted, coordinated, and integrated services, children's lives will improve. They will also be better prepared for a healthy and productive adulthood.
- **Service delivery:** Make it easier to deliver quality human services.
- **Operations:** Make it easier to manage processes and support people.

Key measures are

- **Percentage of time that key systems are up and running.** For the last two quarters, the percentages of time systems were up and running ranged from 99.8% to 100.0% of the time.



For additional key measures, see the key measures for Forecasted Programs and Grant Programs.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Children & Families central office operations is funded primarily with appropriations from the general fund and from federal funds. The operations section is also funded in part with appropriations from the health care access fund.

Contact

For more information, contact the Children and Family Services Administration, (651) 431-3830.

For more information on Children & Families Operations, contact:

- Child Support Enforcement Division (651) 431-4400
- Transition Support Services Division (651) 431-4101
- SSIS (651) 431-4800 Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: CENTRAL OFFICE OPERATIONS
 Activity: CHILDREN & FAMILIES

Budget Activity Summary

	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,687	9,239	9,239	9,239	18,478
Technical Adjustments					
Current Law Base Change			(12)	(12)	(24)
Subtotal - Forecast Base	9,687	9,239	9,227	9,227	18,454
Total	9,687	9,239	9,227	9,227	18,454
Federal Tanf					
Current Appropriation	496	2,160	2,160	2,160	4,320
Subtotal - Forecast Base	496	2,160	2,160	2,160	4,320
Total	496	2,160	2,160	2,160	4,320
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,145	8,795	9,227	9,227	18,454
Federal Tanf	1,809	2,160	2,160	2,160	4,320
Statutory Appropriations					
Miscellaneous Special Revenue	76,168	75,030	73,647	73,916	147,563
Federal	8,754	11,135	9,111	8,990	18,101
Federal Stimulus	178	144	0	0	0
Total	96,054	97,264	94,145	94,293	188,438
<u>Expenditures by Category</u>					
Total Compensation	52,980	49,481	48,629	48,412	97,041
Other Operating Expenses	43,026	47,738	45,486	45,881	91,367
Payments To Individuals	0	45	30	0	30
Local Assistance	48	0	0	0	0
Total	96,054	97,264	94,145	94,293	188,438
Full-Time Equivalents (FTE)	607.1	605.1	596.0	586.9	

Activity at a Glance

- FY 2009, approximately 707,000 Minnesotans were enrolled in Minnesota's publicly-funded health care programs.
- Central office operations work directly with 108,000 health care providers.
- Central office operations work directly with financial and social services staff in Minnesota's 87 counties.
- The MMIS system processes 60.7 million fee-for-service encounter claims and health plan capitation payments per year.

Activity Description

The Health Care Administration and the Office of the Medicaid Director central office operations are responsible for developing and implementing health care policy for publicly-funded health care programs.

Operational activities include providing the infrastructure necessary for effective and efficient health care purchasing and delivery for health care grants. This includes administering the Medicaid Management Information System (MMIS), a centralized medical payment system. It also supports other department functions, including administering managed care contracts, conducting eligibility determinations, and conducting quality improvement and data analysis program management.

Population Served

In an average month in FY 2009, approximately 707,000 Minnesotans were enrolled in Minnesota's publicly-funded health care programs.

Central office operations work directly with many entities to serve enrollees including

- 108,000 health care providers, including inpatient and outpatient hospitals, dentists, physicians, mental health professionals, home care providers, personal care attendants, pharmacists, and eight managed health care plans;
- approximately 24 state health care professional organizations;
- financial and social services staff in Minnesota's 87 counties;
- the federal Centers for Medicare and Medicaid Services; and
- Minnesota's counties and tribes.

Services Provided

Central office operations are responsible for

- developing health care program policy and leading implementation of policy initiatives;
- developing payment policies, including fee-for-service and managed care rates, that promote cost-effective delivery of quality services to Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare recipients;
- monitoring health plans to ensure contract compliance, value, and access;
- protecting the integrity of state health care programs through fraud prevention and cost avoidance activities;
- conducting surveys and research to monitor quality of care provided and health status of program enrollees;
- working with the federal government to ensure compliance with Medicaid laws and rules;
- negotiating waivers to federal laws and rules to allow expanded access and coverage, payment initiatives, enhanced federal matching funds, and demonstration projects to improve care and services for various enrollee groups;
- working with various partners to plan and implement changes needed to comply with federal laws including the Patient Protection and Affordable Care Act (PPACA) and Health Insurance Portability and Accountability Act (HIPAA);
- providing oversight of county and tribal administration of state policies and rules;
- planning and development of improved eligibility and enrollment systems, including an automated eligibility determination system, to make programs more accessible and administration more efficient;
- operating MMIS, a centralized payment system, for MA, MinnesotaCare, and GAMC;
- maintaining health care provider enrollment agreements;
- supporting enrollee communication and outreach efforts;

- maintaining online system availability for claims operation, customer services, and eligibility verification for 108,000 providers;
- supporting enhanced electronic claim activity to increase processing efficiency and decrease administrative costs, including maintaining a viable point-of-sale system for pharmacy;
- operating a Web-based electronic commerce environment for health care claim submission and other government-to-business electronic transactions;
- supporting the collection of premiums for MinnesotaCare and MA for Employed Persons with Disabilities (MA-EPD), spenddowns for Minnesota Senior Health Options, and development of financial control programs capable of supporting additional premium-based health care purchasing concepts;
- identifying all liable third parties required to pay for medical expenses before expenditure of state funds and recovering costs from other insurers, which includes maximizing Medicare participation in the cost of all services for dually-eligible enrollees, with emphasis on long-term care and home health services; and
- administering the medical care surcharge to ensure maximum receipt of surcharge funds from nursing care facilities and inpatient hospitals in compliance with federal laws and regulations.

Historical Perspective

Minnesota is consistently a national leader in promoting and implementing policy and payment initiatives that improve access, quality, and cost-effectiveness of services provided through publicly-funded health care programs. Federally mandated and state-initiated expansions to health care program eligibility over the past 15 years have improved access to health care for low-income, special need, and uninsured Minnesotans. At the same time, program eligibility requirements have become more complex.

Changes in approaches to purchasing services for enrollees have evolved over the past two decades from strictly fee-for-service to more managed care contracting. This has changed the nature of management in this area to include sophisticated, capitated rate setting and risk adjustment, contract management, performance measurement, and more complex federal authority mechanisms, while continuing to improve fee-for-service rate setting and service coverage definition.

In the past decade, Department of Human Services (DHS) implemented managed care demonstration programs for seniors to provide cost-effective, coordinated Medicare and Medicaid services. The Minnesota Senior Health Options incorporates home- and community-based services to reduce the need for nursing home care.

As DHS increasingly contracts for day-to-day administration of primary health care services, more attention can be given to initiatives that better manage rapidly increasing health care costs. For example, the Health Care Administration has recently implemented unique volume-based purchasing agreements within fee-for-service.

DHS has been and will continue to be engaged in work related to implementing the modifications to GAMC program enacted in 2010. This includes work related to eligibility policy, negotiating and administering contracts with hospitals serving as coordinated care delivery systems (CCDSs), and administering the GAMC prescription drug benefit.

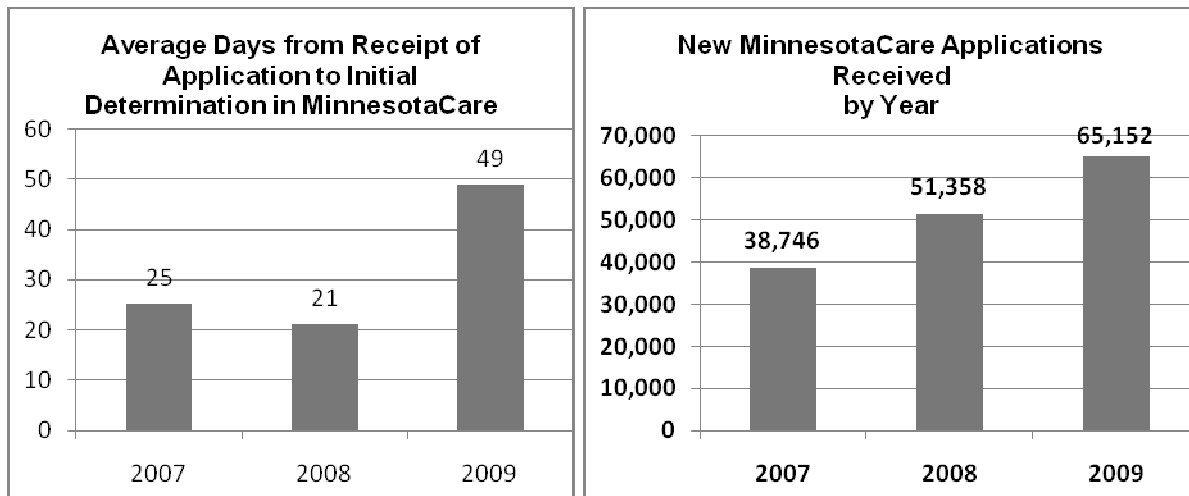
Passage of the Patient Protection and Affordable Care Act (PPACA) on the federal level has created new challenges and opportunities for the Health Care Administration and the Office of the Medicaid Director. These include: modifications to MA policies related to covered services provider payments and program integrity; demonstration projects to change the ways services are delivered and paid for; and a required expansion in MA eligibility beginning in 2014.

The Medicaid Management Information System (MMIS) pays medical bills and managed care capitation payments for DHS-administered Minnesota Health Care Programs (MHCP) recipients, generates DHS program data for research and forecasting, assists in detecting medical fraud, and employs technological solutions to reduce costs and improve services for health care providers. The current MMIS was implemented in 1994, replacing a system that had been operational since 1974. The current system processes 60.7 million fee-for-

service encounter claims and health plan capitation payments per year. Complexity in health care delivery strategies and in eligibility criteria to ensure focused eligibility for very specific populations has required that MMIS be flexible and scalable. In addition, the accelerated rate of change in computing technology and the movement toward electronic government services for citizens has required ongoing strategic investments in health care systems.

Key Activity Goals & Measures

- **Minnesotans will be healthy.** This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>).
- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
- **MinnesotaCare new application processing time.** As of July 2010, the interval from application to initial determination has been reduced to 21 days. This improvement was accomplished through a short term strategy of identifying potential time savings and implementing those that appeared most effective in reducing the application backlog. Changes included simplifying verification of income and access to employer subsidized insurance.



For more information on DHS performance measures, see key measures for health care-related activities in Forecasted Grants.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>

Activity Funding

Health Care Operations is funded primarily with appropriations from the General Fund and health care access fund and from federal funds.

Contact

For more information on this budget activity, contact Health Care Operations, (651) 431-3050. Information on DHS programs is available on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: CENTRAL OFFICE OPERATIONS
Activity: HEALTH CARE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	16,948	16,319	15,959	15,959	31,918
Technical Adjustments					
Current Law Base Change			(277)	(407)	(684)
Transfers Between Agencies			77	77	154
Subtotal - Forecast Base	16,948	16,319	15,759	15,629	31,388
Governor's Recommendations					
Federal Compliance: Program Integrity		0	206	185	391
Evidence-Based Childbirth Program		0	140	114	254
Rehab Service Coverage & PA Changes		0	20	233	253
Modify Third Party Liability Processes		0	(108)	(108)	(216)
Modify Pharmacy Reimbursement Method		0	98	87	185
Total	16,948	16,319	16,115	16,140	32,255
Health Care Access					
Current Appropriation	23,639	22,921	22,921	22,921	45,842
Technical Adjustments					
Current Law Base Change			194	837	1,031
Subtotal - Forecast Base	23,639	22,921	23,115	23,758	46,873
Governor's Recommendations					
End MnCare for Adults Above 200% FPG		0	(67)	(187)	(254)
Repeal Unapproved MA Bridge Program		0	(508)	(612)	(1,120)
Repeal Unapproved MnCare Changes		0	(67)	(222)	(289)
Total	23,639	22,921	22,473	22,737	45,210
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,703	15,618	16,115	16,140	32,255
Health Care Access	21,801	24,155	22,473	22,737	45,210
Statutory Appropriations					
Miscellaneous Special Revenue	44,185	45,799	41,161	40,958	82,119
Federal	203	1,570	1,194	2,422	3,616
Total	82,892	87,142	80,943	82,257	163,200
<u>Expenditures by Category</u>					
Total Compensation	56,780	58,218	58,216	58,199	116,415
Other Operating Expenses	25,562	28,924	22,727	24,058	46,785
Local Assistance	550	0	0	0	0
Total	82,892	87,142	80,943	82,257	163,200
Full-Time Equivalent (FTE)	756.1	754.7	738.6	725.8	

Activity at a Glance

- Performs statewide human services planning and develops and implements policy
- Obtains, allocates, and manages resources, contracts, and grants
- Sets standards for services development and delivery and monitors for compliance and evaluation
- Provides technical assistance and training to county agencies and supports local innovation and quality improvement efforts
- Assures a statewide safety net capacity

Activity Description

Continuing Care Operations is the administrative component for the service areas funded by Continuing Care-related grants. It also coordinates with Health Care central office operations on the Medicaid-funded Continuing Care grants.

Population Served

This program serves elderly Minnesotans and citizens with disabilities who need long-term care, including persons with physical and cognitive disabilities, deafness or hearing loss, mental illness, and HIV/AIDS.

Services Provided

DHS Continuing Care staff administers programs and services that are used by over 350,000 Minnesotans. This work is accomplished by working with citizens, counties, legislators, grantees, other state agencies, and providers.

In addition to the normal administrative functions, which apply to all people served, Continuing Care staff perform unique specialized activities. Direct constituent services include:

- statewide regional service centers which help deaf, deafblind, and hard-of-hearing people access community resources and the human services system;
- the Telephone Equipment Distribution Program, which helps people with hearing loss or communication disabilities access the telephone system with specialized equipment;
- HIV/AIDS programs which help people obtain and maintain needed health care coverage; and
- ombudsman services for older Minnesotans which assist consumers in resolving complaints and preserving access to services.

Staff assistance and administrative support are also provided to a number of councils and boards including:

- The Commission Serving Deaf, Deaf/Blind and Hard of Hearing Minnesotans;
- The Minnesota Board on Aging; and
- Traumatic Brain Injury Service Integration Advisory Committee.

Historical Perspective

Historically, most people needing long-term care services received them in institutions. Over the years, priorities, values, and expectations changed. Today, people have more individualized options.

Continuing Care staff administer a broad array of services for this diverse population. In addition to administering ongoing operations of programs and services, some recent achievements include:

- redesigning highly specialized mental health services for individuals who have both a hearing loss and mental illness by shifting resources from institutional care under State Operated Services to a statewide technical assistance/consultation model;
- describing the demographic realities of the state's aging population and working with many constituencies to prepare responses to these profound changes;
- implementing strategies of the long-term care task force that reform Minnesota's long-term care system for the elderly, which includes administering the voluntary, planned closure of nursing facility beds and expanding use of home and community-based services through grants and other mechanisms to develop community capacity;
- taking actions necessary to increase flexibility, reduce access barriers, and promote consumer choice and control with the home care and waived services covered by Medical Assistance;
- managing cost growth in home and community based waiver programs while reducing reliance on hospital and institutional care;

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: CONTINUING CARE

Narrative

- working with consumers, family members, county agencies, provider organizations, and advocates to develop community options for younger persons with disabilities who are currently residing in institutional settings;
- developing the Minnesota Senior Health Options (MSHO) and Minnesota Disability Health Options (MDHO) projects that integrate health and long-term care for elderly and younger persons with disabilities who are eligible for both Medicaid and Medicare;
- publishing the Minnesota Nursing Home Report Card online, in collaboration with the Minnesota Department of Health, and;
- working with the Senior LinkAge Line and Disability Linkage Line staff to assist the Centers for Medicare and Medicaid with enrollment in Medicare Part D plans and solving problems for individuals who are dually eligible.

Key Activity Goals & Measures

- **Reform long-term care options for elderly Minnesotans.** DHS strives to increase the availability of non-institutional service options for older persons and their families. Competitive grants in this area promote evidence-based models that leverage local private funds and in-kind contributions to promote affordable services that are both dependable and sustainable. This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Streamline and manage home and community-based waiver services.** DHS will provide consistent services across all home and community-based waivers through development of a common services menu and a common screening tool. The department will target use of long-term care waived services to the highest risk clients, strengthening program and fiscal integrity of each waiver program. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

See key measures for Continuing Care-related grants in Grant Programs.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

The Continuing Care central office operations activity is funded with appropriations from the General Fund, state government special revenue fund, miscellaneous special revenue funds, and from federal funds.

Contact

For more information on Continuing Care Management contact (651) 431-2598.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: CENTRAL OFFICE OPERATIONS
 Activity: CONTINUING CARE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	15,621	18,935	18,935	18,935	37,870
Technical Adjustments					
Approved Transfer Between Appr			150	150	300
Current Law Base Change			(2,690)	(2,885)	(5,575)
Subtotal - Forecast Base	15,621	18,935	16,395	16,200	32,595
Governor's Recommendations					
Managing Elderly Waiver & AC Programs		0	110	101	211
Low Needs NF Case Mix		0	111	101	212
Reduce Certain Congregate Living Rates		0	450	500	950
Reduce Provider Rates & Grants		0	200	200	400
Increase MA-EPD Premium and Cost		0	0	110	110
Share					
Total	15,621	18,935	17,266	17,212	34,478
State Government Spec Revenue					
Current Appropriation	125	125	125	125	250
Subtotal - Forecast Base	125	125	125	125	250
Total	125	125	125	125	250
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	15,671	19,673	17,266	17,212	34,478
State Government Spec Revenue	120	125	125	125	250
Statutory Appropriations					
Miscellaneous Special Revenue	2,694	2,781	2,567	2,567	5,134
Federal	10,436	6,495	5,814	3,500	9,314
Gift	14	41	10	10	20
Total	28,935	29,115	25,782	23,414	49,196
<u>Expenditures by Category</u>					
Total Compensation	19,426	19,113	18,882	18,146	37,028
Other Operating Expenses	9,509	10,002	6,900	5,268	12,168
Total	28,935	29,115	25,782	23,414	49,196
Full-Time Equivalents (FTE)	241.3	240.5	239.9	237.3	

Activity at a Glance

- Provides policy oversight and administers funding for public chemical and mental health services to thousands of Minnesotans
- 35,000 people receiving publicly funded substance abuse treatment services
- 187,000 adults receiving publicly funded mental health services
- 48,000 children receiving publicly funded mental health services

Activity Description

The Chemical and Mental Health Services Administration is the central office administrative component associated with

- Chemical Dependency (CD) Entitlement Grants;
- CD Non-entitlement Grants;
- Adult Mental Health Grants; and
- Children's Mental Health Grants.

In addition, the Chemical and Mental Health Services Administration provides executive oversight of State Operated Services. The administration is also the policy lead on chemical and mental health services provided through Minnesota Health Care Programs.

Population Served

The Chemical and Mental Health Services Administration supports and influences the delivery of publicly funded chemical and mental health services to over a quarter million Minnesotans each year.

Services Provided

The Alcohol and Drug Abuse Division, Adult Mental Health Division, and Children's Mental Health Division are health care policy/program divisions which supervise and support the public chemical dependency and mental health service systems within the state. Activities of these divisions include

- setting policy and services standards for chemical dependency treatment;
- administering the Consolidated Chemical Dependency Treatment Fund and state and federal grant programs funding services which support successful treatment;
- providing oversight of methadone clinics;
- administering grants which support statewide substance abuse prevention efforts;
- administering programs which help enforce prohibitions on the sale of alcohol and tobacco products to minors;
- setting policy and service standards for mental health treatment and rehabilitative services;
- administer grants funding mental health treatment services for adults with mental illness and children with emotional disturbance, including grants supporting
 - a nearly statewide network of mental health crisis intervention services for adults and children;
 - specialized mental health treatment and rehabilitative services for adults and children;
 - school-based mental health services for children;
 - mental health screening for children in the child welfare and juvenile justice systems;
 - access to housing and supportive housing for adults with mental illness; and
 - compulsive gambling treatment;
- providing training and leadership for the adoption of best practices by chemical and mental health service providers across the state each year;
- using a variety of funding mechanisms to fund pilot projects to further service capacity and the quality of care within the state; and
- managing the intergovernmental and stakeholder relationships necessary to facilitate an up-to-date, effective, and valued system of chemical and mental health services.

The Chemical and Mental Health Services Administration also provides executive leadership for State Operated Services. State Operated Service provides a large array of services to 9,000 Minnesotans with some of the most complex behavioral health service needs.

Historical Perspective

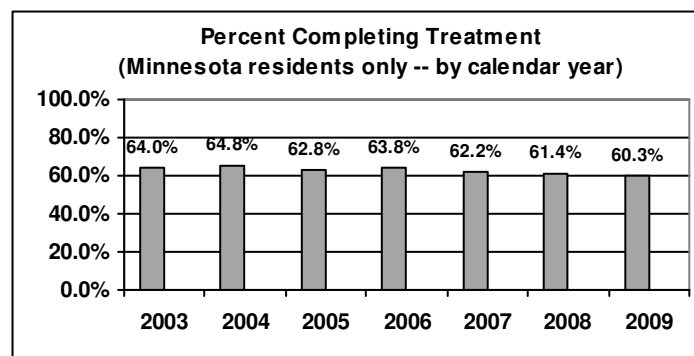
The Chemical and Mental Health Services Administration (CMHS) was formed within the Department of Human Services in 2003 in order to provide a common leadership focus to the behavioral health programs administered by the commissioner of human services. This alignment of vision and purpose remains a primary goal of the Chemical and Mental Health Services Administration. Currently, CMHS has used the adoption of eight "points of

excellence” as a means of providing a common focus and direction for the state’s behavioral health system. These eight points are:

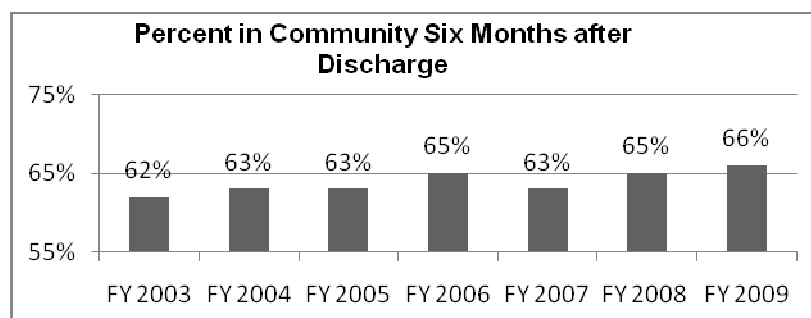
1. We must eradicate the stigma, misunderstandings, and misperceptions of mental illness and addictions.
2. We must improve access to the right care at the right time for all Minnesotans suffering from a mental illness and/or addictions.
3. We must establish best practices and quality standards of care and practice across all providers.
4. We must break down the silo walls and integrate mental health care and substance abuse treatment services with primary care, education, law enforcement, courts, corrections, social services, housing, and employment.
5. We must reduce the overall cost of care for mental illness and addictions as well as work to reduce the full cost of untreated mental illness and addictions. [W]e can accomplish this if we have successfully strived to eradicate stigma, improve access to the right care at the right time, improve quality standards of care, and integrate care effectively across services.
6. We must promote and expand those activities that improve wellness and ultimately can prevent mental illness and addictions.
7. We must reduce the severe, wide-ranging consequences of mental illness and addictions.
8. We must celebrate diversity and reduce disparity in access and outcomes for racial and ethnic populations.

Key Activity Goals & Measures

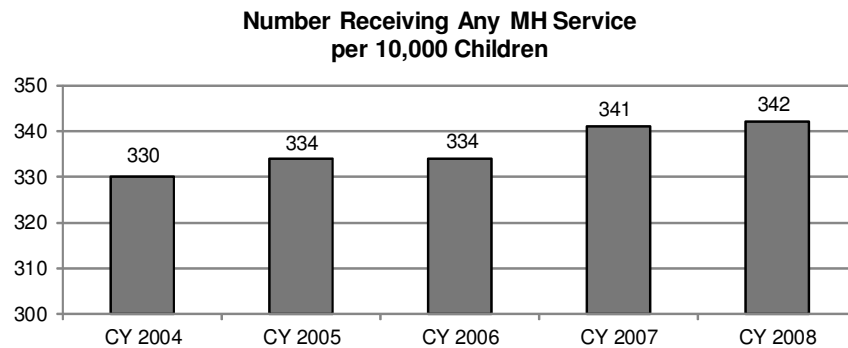
- **Percentage of clients completing chemical dependency treatment.** Treatment completion has been found to be a strong indicator of continued sobriety after treatment. DHS’ Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission’s funding source. Below are completion results of all statewide treatment admissions in 2003-09.



- **Percent of adults with serious mental illness who remained in the community six months after discharge from an inpatient psychiatric setting.** This measure gives an indication of the effectiveness of the community-based system to provide the range of services that allow individuals to be as independent as possible in the community.



- **Service Penetration Rate.** One indicator of service utilization is to measure how deeply into the general population of Minnesota's children does the utilization of publicly-financed mental health services reach. By comparing this measure over a number of years, some indication is given as to whether use of mental health services is changing over time. By measuring service utilization per 10,000 children in the general population, year-to-year population shifts are taken out of consideration and use of services can be compared across years. This is not an indicator of need for services.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Chemical and Mental Health Services central office operations is funded with appropriations from the General Fund, special revenue fund, lottery fund and from federal funds.

Contact

For more information on Chemical and Mental Health Services Administration, contact the office of the assistant commissioner, (651) 431-2323.

Information on DHS programs is on the department's Web-site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: CENTRAL OFFICE OPERATIONS

Activity: CHEMICAL & MENTAL HEALTH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,587	4,194	4,194	4,194	8,388
Subtotal - Forecast Base	3,587	4,194	4,194	4,194	8,388
Total	3,587	4,194	4,194	4,194	8,388
Lottery Cash Flow					
Current Appropriation	151	153	153	153	306
Technical Adjustments					
Current Law Base Change			4	4	8
Subtotal - Forecast Base	151	153	157	157	314
Total	151	153	157	157	314
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,587	4,294	4,194	4,194	8,388
Lottery Cash Flow	151	153	157	157	314
Statutory Appropriations					
Miscellaneous Special Revenue	645	2,150	2,102	2,401	4,503
Federal	4,172	4,619	4,159	4,159	8,318
Total	8,555	11,216	10,612	10,911	21,523
<u>Expenditures by Category</u>					
Total Compensation	7,447	8,925	8,621	8,621	17,242
Other Operating Expenses	1,089	2,291	1,991	2,290	4,281
Local Assistance	19	0	0	0	0
Total	8,555	11,216	10,612	10,911	21,523
Full-Time Equivalent (FTE)	85.6	85.3	84.0	82.7	

Program Description

The purpose of Forecasted Programs is to include all programs that are an entitlement or otherwise share the characteristic of being forecasted in one program in the DHS budget.

MinnesotaCare, General Assistance Medical Care (GAMC), and Medical Assistance (MA) purchase preventive and primary health care services, such as physician services, medications, and dental care, for low-income families with children, pregnant women, elderly people, and people with disabilities. More than 707,000 Minnesotans receive health care assistance through this grant area each year. Medical Assistance and MinnesotaCare receive both state and federal funds. Medical Assistance is financed and operated jointly by the state and the federal government. The federal share of MA costs for the state, known as the federal medical assistance percentage (FMAP), is based on the state's per capita income and is recalculated annually.

Budget Activities

This program includes the following budget activities

- MFIP/DWP Grants
- MFIP Child Care Assistance Grants
- General Assistance Grants
- Minnesota Supplemental Aid Grants
- Group Residential Housing Grants
- MinnesotaCare Grants
- GAMC Grants
- Medical Assistance Grants
- Alternative Care Grants
- CD Entitlement Grants

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,628,406	4,100,827	4,100,827	4,100,827	8,201,654
Technical Adjustments					
Current Law Base Change			1,284,830	1,637,437	2,922,267
November Forecast Adjustment		(226,413)	(182,899)	(156,520)	(339,419)
Subtotal - Forecast Base	3,628,406	3,874,414	5,202,758	5,581,744	10,784,502
Governor's Recommendations					
Combine & Restructure EGA & EMSA		0	(2,300)	(2,260)	(4,560)
Child Care Assistance Program Changes		0	(554)	(3,270)	(3,824)
TANF Refinancing		0	(14,020)	(14,020)	(28,040)
Eliminate Delayed 1% DD Waiver Acuity		0	(4,481)	(4,481)	(8,962)
Managing Elderly Waiver & AC Programs		0	(12,383)	(13,892)	(26,275)
Low Needs NF Case Mix		0	(8,624)	(9,081)	(17,705)
Reduce Certain Congregate Living Rates		0	(5,382)	(8,073)	(13,455)
Disability Waiver Enrollment Limits		0	(12,890)	(32,873)	(45,763)
Separate EW and NF Rates		0	(238)	(1,001)	(1,239)
Reduce Provider Rates & Grants		0	(65,549)	(74,444)	(139,993)
Modify Non-Rate Payments		0	(7,929)	(8,883)	(16,812)
NF and ICF/MR Surcharges		0	11,629	12,486	24,115
Coverage for Dental Therapists		0	31	89	120
Managed Care Reforms		0	(18,522)	(72,006)	(90,528)
Evidence-Based Childbirth Program		0	(481)	(962)	(1,443)
Rehab Service Coverage & PA Changes		0	(642)	(1,169)	(1,811)
Modify Communication Device Pricing		0	(124)	(191)	(315)
Modify Pharmacy Reimbursement Method		0	(685)	(722)	(1,407)
Critical Access Dental Payments		0	(2,128)	(3,123)	(5,251)
Payment of Medicare Crossover Claims		0	(10,829)	(32,296)	(43,125)
Suspend Managed Care Incentive Payments		0	(645)	(645)	(1,290)
Reduce Basic Care Rates		0	(1,011)	(1,446)	(2,457)
Reduce Rates for Transportation Services		0	(1,651)	(2,458)	(4,109)
Maintain Child & Teen Check-up Rates		0	(130)	(265)	(395)
Delay Inpatient Hospital Rebasing		0	0	(99,041)	(99,041)
Reduce PMAP MERC Funding		0	(12,808)	(12,808)	(25,616)
MA Hospital Surcharge and Payment Rates		0	61,942	61,495	123,437
Managed Care Surcharge & Payment Rates		0	35,270	67,620	102,890
Federal Compliance: Eligibility Changes		0	22,340	45,611	67,951
Tighten CD Tx Placement Criteria		0	(3,653)	(5,414)	(9,067)
County Share of CD Treatment Costs		0	(4,494)	(4,991)	(9,485)
Total	3,628,406	3,874,414	5,141,817	5,359,230	10,501,047
Health Care Access					
Current Appropriation	448,647	354,096	354,096	354,096	708,192
Technical Adjustments					
Current Law Base Change			(42,109)	11,824	(30,285)
November Forecast Adjustment		95,019	85,582	116,283	201,865
Subtotal - Forecast Base	448,647	449,115	397,569	482,203	879,772
Governor's Recommendations					
Managed Care Reforms		0	(5,310)	(18,928)	(24,238)
Critical Access Dental Payments		0	(603)	(2,207)	(2,810)
Suspend Managed Care Incentive Payments		0	(138)	(138)	(276)
Reduce Basic Care Rates		0	(42)	(112)	(154)
Managed Care Surcharge & Payment Rates		0	4,799	9,273	14,072
End MnCare for Adults Above 200% FPG		0	(10,092)	(23,194)	(33,286)

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Repeal Unapproved MA Bridge Program		0	(3,644)	(16,279)	(19,923)
Repeal Unapproved Rolling & Grace Month		0	(1,778)	(8,511)	(10,289)
Repeal Unapproved MnCare Changes		0	(149)	(2,010)	(2,159)
Federal Compliance: Eligibility Changes		0	1,988	2,904	4,892
Tighten CD Tx Placement Criteria		0	(8)	(11)	(19)
Total	448,647	449,115	382,592	422,990	805,582
Federal Tanf					
Current Appropriation	90,598	99,922	99,922	99,922	199,844
Technical Adjustments					
Current Law Base Change			(14,007)	(21,864)	(35,871)
November Forecast Adjustment		(40,422)	1,830	925	2,755
Subtotal - Forecast Base	90,598	59,500	87,745	78,983	166,728
Total	90,598	59,500	87,745	78,983	166,728
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,373,803	3,764,221	5,142,246	5,359,115	10,501,361
Health Care Access	445,846	449,115	382,592	422,990	805,582
Federal Tanf	72,937	59,500	87,745	78,983	166,728
Statutory Appropriations					
General	6,659	0	0	0	0
Miscellaneous Special Revenue	226,163	225,369	124,565	128,472	253,037
Federal	4,110,189	4,204,689	4,709,156	5,012,857	9,722,013
Federal Stimulus	902,319	823,227	0	0	0
Total	9,137,916	9,526,121	10,446,304	11,002,417	21,448,721
<u>Expenditures by Category</u>					
Other Operating Expenses	17	0	(11,761)	(11,761)	(23,522)
Payments To Individuals	9,108,786	9,403,932	10,325,834	10,882,964	21,208,798
Local Assistance	28,726	122,189	132,231	131,214	263,445
Other Financial Transactions	387	0	0	0	0
Total	9,137,916	9,526,121	10,446,304	11,002,417	21,448,721

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Activity</u>					
Mfip/Dwp Grants	323,730	336,556	341,411	338,465	679,876
Mfip Child Care Assistance Gr	113,780	120,259	119,588	114,999	234,587
General Assistance Grants	42,748	49,674	49,761	49,883	99,644
Minnesota Supplemental Aid Gr	33,299	36,936	37,983	38,901	76,884
Group Residential Housing Gr	112,993	116,009	123,085	130,993	254,078
Minnesotacare Grants	664,057	695,331	639,485	747,026	1,386,511
Gamc Grants	296,607	89,221	429	-115	314
Medical Assistance Grants	7,390,951	7,908,710	8,967,048	9,399,852	18,366,900
Alternative Care Grants	30,144	29,104	29,527	31,038	60,565
Cd Entitlement Grants	129,607	144,321	137,987	151,375	289,362
Total	9,137,916	9,526,121	10,446,304	11,002,417	21,448,721
Full-Time Equivalents (FTE)	0.0	0.0	-1.0	-2.0	

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MFIP/DWP GRANTS

Narrative

Activity at a Glance

- Provides assistance for 36,900 low-income families (or 100,400 people) a month, two-thirds of whom are children.
- Aims at moving parents quickly into jobs and out of poverty.

Activity Description

Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP) and Work Benefit Grants pay for cash grants for families participating in the MFIP, DWP, and Work Benefit Program and for food assistance for MFIP families. MFIP is Minnesota's federal Temporary Assistance for Needy Families (TANF) program. DWP is a short-term, work-focused program to help families avoid longer term assistance. The Work Benefit is a small monthly cash grant given to families who exit MFIP or DWP to help them stay off assistance.

Population Served

To be eligible for MFIP, a family must include a minor child or a pregnant woman and meet citizenship, income, and asset requirements. MFIP is aimed at moving parents quickly into jobs and out of poverty. Most parents are required to work; through MFIP, they receive help with basic needs, health care, child care, and employment services.

Most parents with minor children are eligible to receive cash assistance for a total of 60 months in their lifetime. Families reaching the 60-month time limit are eligible for extensions if they meet certain categorical requirements. Most families reaching the 60-month limit are those with multiple and serious barriers to employment. Families of color are disproportionately represented in this group.

DWP is a short-term, work-focused program. Families applying for DWP must develop and sign an employment plan before they can receive any assistance. After families have an employment plan, they can receive cash assistance to pay for rent, utilities, personal needs, and other supports, such as food, child care, and health care. Shelter and utilities costs are paid directly to landlords, mortgage companies, or utility companies. Participation in the program does not count against the 60-month life-time limit on cash assistance. Families who are likely to need longer term assistance are excluded from DWP; this includes adults and children with disabilities, adults over 60 years old, teen parents finishing high school, child-only cases, and families who have received TANF or MFIP in the past 12 months or for 60 months.

The Work Benefit is a monthly grant of \$25 that is issued to families who exit MFIP or DWP while working the number of hours required to meet the federal work participation rate. Eligible families can receive the Work Benefit for up to 24 months.

Services Provided

This activity funds the cash assistance grants of the MFIP, DWP, and Work Benefit programs and food assistance for MFIP. Supports outside the welfare system, such as health care, child care, child support, housing, and tax credits, are important additional components to Minnesota's welfare approach. Working families on MFIP receive earning disregards, leaving assistance when their income is approximately 15% above the federal poverty level.

Parents on MFIP who fail to work or follow through with activities to support their families will have their assistance cut by 10% or more. Depending upon how long they have been out of compliance, their cases may also be closed for non-compliance. Parents on DWP who do not cooperate with their employment plan will have their cases closed. No further cash assistance can be approved until the participant complies with requirements or their four months of DWP ends. Families receiving the Work Benefit must continue to work the required number of hours to continue to receive the benefit.

Historical Perspective

MFIP was initially piloted in seven counties as a state welfare reform effort. After passage of the federal welfare reform law which converted Aid to Families with Dependent Children (AFDC) to TANF, MFIP was implemented statewide in 1998 as the state's TANF program. MFIP includes employment and training and food support. In February 2006, Congress reauthorized the TANF program through 2010 with the passage of the Deficit Reduction Act of 2005 (Public Law 109-171). The new provisions made it more difficult for states to meet work participation rates and required the U. S. Department of Health and Human Services to issue regulations that define work activities and procedures for verifying and monitoring work activities.

DWP, which began July 01, 2004, includes many of the families who would have in the past applied for MFIP. Each month more than 1,000 cases are diverted from MFIP long-term assistance to DWP, with a monthly average caseload of 3,900 families. Some of these families are expected to transition to MFIP after completing four months of DWP.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MFIP/DWP GRANTS

Narrative

Beginning in February 2008, families who are not making significant progress with MFIP or DWP due to employment barriers, such as physical disability, mental health, or provision of care for a household member with a disability will receive family stabilization services (FSS) through a case management model. Funding for these families is provided using state funds that are not counted toward the federal maintenance-of-effort requirement and, therefore, are not included in the state work participation rate.

The Work Benefit began in October 2009 as a flat grant of \$50 per month. The benefit was reduced to \$25 per month in October of 2010. Participants receiving this benefit help the state meet federal work participation requirements.

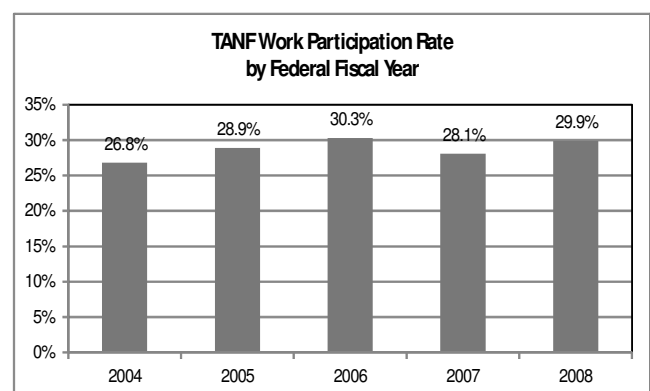
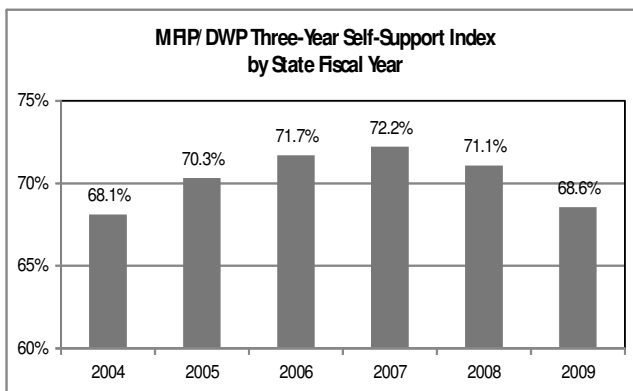
Minnesota has received national recognition for its success with MFIP. In December 2007, more than 70% of MFIP families followed over a three-year period had either left assistance or were on MFIP and were working 30 or more hours per week.

Key Activity Goals & Measures

- **Ensure Minnesotans will have the economic means to maintain a reasonable standard of living.** This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** MFIP and DWP grants help stabilize families and enable parents to meet their children's basic needs. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Measures

- **Percentage of adults working 30 or more hours or off MFIP three years after a baseline reporting period (MFIP Self-Support Index).** The MFIP Self-Support Index is a performance measure that tracks whether or not adults in MFIP are either: 1) working an average of 30 or more hours per week or 2) no longer receiving MFIP cash payments three years after a baseline measurement quarter. Participants who leave MFIP due to the 60-month time limit are not counted as meeting the criteria for success on this measure unless they are working 30 or more hours per week or qualified for Social Security disability payments before they reach the time limit.
- **Percentage of MFIP adults participating in work activities for specified hours per week. (TANF Work Participation Rate).** The TANF Work Participation Rate is the percentage of MFIP cases in which the parent is fully engaged in employment or employment-related activities (according to federal TANF program rules, usually 130 hours per month). The TANF WPR is determined by the federal government based on monthly program data for the federal fiscal year.



2009 data pending federal release

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

MFIP/DWP and Work Benefit grants are funded primarily with appropriations from the General Fund and the federal TANF block grant, which replaced AFDC in 1996.

Contact

For more information on the Minnesota Family Investment Program/Diversionsary Work Program Grants, contact The Transition to Economic Stability Division, (651) 431-4000.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: FORECASTED PROGRAMS
Activity: MFIP/DWP GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	71,121	72,969	72,969	72,969	145,938
Technical Adjustments					
Current Law Base Change			20,289	21,189	41,478
November Forecast Adjustment		20,946	(9,208)	(2,576)	(11,784)
Subtotal - Forecast Base	71,121	93,915	84,050	91,582	175,632
Total	71,121	93,915	84,050	91,582	175,632
Federal Tanf					
Current Appropriation	90,598	99,922	99,922	99,922	199,844
Technical Adjustments					
Current Law Base Change			(14,007)	(21,864)	(35,871)
November Forecast Adjustment		(40,422)	1,830	925	2,755
Subtotal - Forecast Base	90,598	59,500	87,745	78,983	166,728
Total	90,598	59,500	87,745	78,983	166,728
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	70,544	93,915	84,050	91,582	175,632
Federal Tanf	72,937	59,500	87,745	78,983	166,728
Statutory Appropriations					
Miscellaneous Special Revenue	1,172	3,100	3,100	3,100	6,200
Federal	140,932	158,814	166,516	164,800	331,316
Federal Stimulus	38,145	21,227	0	0	0
Total	323,730	336,556	341,411	338,465	679,876
<u>Expenditures by Category</u>					
Payments To Individuals	317,950	331,021	335,805	332,927	668,732
Local Assistance	5,393	5,535	5,606	5,538	11,144
Other Financial Transactions	387	0	0	0	0
Total	323,730	336,556	341,411	338,465	679,876

Activity at a Glance

- Helps MFIP and Transition Year families pay for child care so that parents may pursue employment or education leading to employment.
- Purchases child care for more than 15,500 children in 8,500 families each month.

Activity Description

The Minnesota Family Investment Program (MFIP) Child Care Assistance Grants provides financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment and so that children are well-cared for and ready to learn. This program is supervised by the Minnesota Department of Human Services (DHS) and administered by county social services agencies.

Population Served

Families who participate in MFIP and the Diversionary Work Program (DWP) of the state's Temporary Assistance for Needy Families (TANF) program are served through the MFIP child care program, which includes MFIP and Transition Year (TY) subprograms.

Services Provided

The following families are eligible to receive MFIP or TY child care assistance:

- MFIP and DWP families who are employed, pursuing employment, or participating in employment, training, or social services activities authorized in an approved employment services plan; and
- employed families who are in their first year off MFIP or DWP (the transition year). As family income increases, so does the amount of child care expenses paid by the family in the form of co-payments.

Child care must be provided by a legal child care provider over the age of 18 years. Providers include legal, non-licensed family child care, license-exempt centers, licensed family child care, and licensed child care centers. Family child care and child care centers operate under separate laws and rules and exist as separate markets.

As directed by law, DHS establishes maximum payment rates for Child Care Assistance Grants by county, type of provider, age of child, and unit of time covered.

Historical Perspective

MFIP child care was called AFDC (Aid to Families with Dependent Children) child care and was funded by federal Title IV(A) funds prior to the 1996 federal welfare reform act. Demand for child care assistance has increased as parents participating in welfare reform are required to work or look for work. The 2003 legislature made reforms to the Child Care Assistance Program (CCAP) to focus on the lowest-income working families and control future growth in the program, while helping balance the state budget. (CCAP is comprised of MFIP child care for families on MFIP or DWP and Basic Sliding Fee child care for other low-income families.)

In 2007, the legislature appropriated \$1 million for CCAP for the FY2008-09 biennium to provide funding for incentives for parents and providers to promote skills and abilities that children need to succeed in school. A pilot project, School Readiness Connections, was extended in 2009-10 with an appropriation of \$1.3 million. Child care providers selected by the department are eligible for a higher maximum payment and children are allowed to remain in care with the provider on a full-time basis as long as the family remains eligible for CCAP. The department is using the project evaluation to consider options for recommending changes to CCAP policy that could link ongoing incentives to child care programs that support school readiness.

Key Activity Goals & Measures

- **Ensure that all children will start school ready to learn.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** The MFIP Child Care Assistance Program improves outcomes for at-risk children by providing financial assistance to help low-income families pay for child care. Parents may pursue employment or education leading to employment while children attend child care where they are well cared for and become better prepared to enter school ready to learn. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-4694-ENG>).

Key measures are:

HUMAN SERVICES DEPT

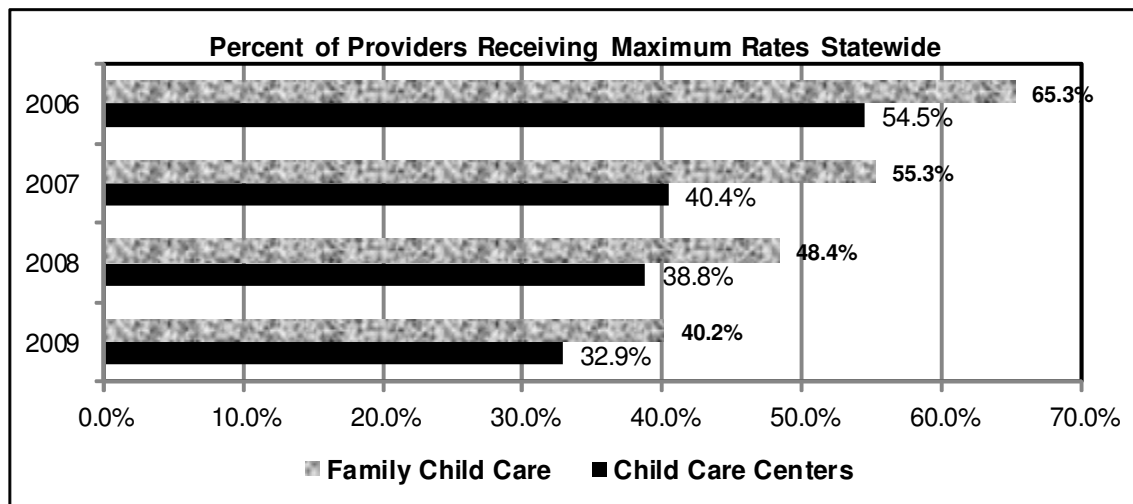
Program: **FORECASTED PROGRAMS**

Activity: **MFIP CHILD CARE ASSISTANCE GRANTS**

Narrative

- **Percentage of child care providers covered by maximum rates.** As required by federal regulations, an annual child care market rate survey assesses whether or not families receiving child care assistance have access to all types of care available to the private market. Access is an important measure for two reasons. The first is that it presents the portion of rates in the child care market that can be fully paid with a CCAP subsidy. Second, access to child care providers may impact whether or not at-risk children are able to attend high-quality child care programs, which national research shows are associated with better child outcomes in low-income communities with children experiencing risk-factors. Therefore the level at which maximum rates are set may differentially affect access to high-quality child care programs.

The following chart compares the percentage of child care center providers who receive maximum rates of payment with the percentage of family child care providers who receive maximum rates.



- **Percentage of children receiving child care assistance through the School Readiness Connections Pilot project who are ready for school.** The School Readiness Connections Pilot project targets resources to low-income families by reimbursing selected, qualified providers at higher rates for providing comprehensive services to improve the school readiness of at-risk children ages 0-5. The results of the evaluation indicate that the project goals were met and that the majority of children assessed prior to kindergarten entry were proficient in the skills and abilities necessary for school readiness. For the complete evaluation, see http://www.dhs.state.mn.us/dhs16_147885.pdf.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>

Activity Funding

MFIP Child Care Assistance Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on MFIP Child Care Assistance Grants, contact the Transition to Economic Stability Division, (651) 431-4000.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MFIP CHILD CARE ASSISTANCE GR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	53,339	67,793	67,793	67,793	135,586
Technical Adjustments					
Current Law Base Change			4,050	3,606	7,656
November Forecast Adjustment		(22,850)	(1,696)	(3,125)	(4,821)
Subtotal - Forecast Base	53,339	44,943	70,147	68,274	138,421
Governor's Recommendations					
Child Care Assistance Program Changes		0	(554)	(3,270)	(3,824)
TANF Refinancing		0	(14,020)	(14,020)	(28,040)
Total	53,339	44,943	55,573	50,984	106,557
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	53,339	44,943	55,573	50,984	106,557
Statutory Appropriations					
Federal	45,857	75,316	64,015	64,015	128,030
Federal Stimulus	14,584	0	0	0	0
Total	113,780	120,259	119,588	114,999	234,587
<u>Expenditures by Category</u>					
Payments To Individuals	107,765	19,916	7,946	5,230	13,176
Local Assistance	6,015	100,343	111,642	109,769	221,411
Total	113,780	120,259	119,588	114,999	234,587

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: GENERAL ASSISTANCE GRANTS

Narrative

Activity at a Glance

- Provides monthly cash assistance grants for almost 20,000 people
- Average cash assistance grant is \$173.53

Activity Description

General Assistance (GA) Grants provides monthly cash supplements for individuals and childless couples, who cannot fully support themselves, usually due to illness or disability, to help meet some of their monthly maintenance and emergency needs. GA is a state-funded program and an important safety net for low-income Minnesotans.

Population Served

Program participants must fit into one of 15 categories of eligibility specified in state statutes, which are primarily defined in terms of inability to work and disability, and meet income and resource limits. Applicants or recipients are generally required to apply for benefits from federally-funded disability programs for which they may qualify.

Services Provided

GA grants currently provide cash assistance of \$203 for single people and \$260 for married couples. Once a year, special funding may be available when a person or family lacks basic need items for emergency situations, which threaten health or safety, most often housing or utilities. GA recipients are usually eligible for payment of medical costs through the General Assistance Medical Care (GAMC) or Minnesota Care programs.

Historical Perspective

The Minnesota Legislature established the General Assistance Program in 1974. The original program provided assistance to low-income people who did not qualify for federal assistance. In the 1980s, the legislature changed the program by increasing the GA grant to the current \$203 for single people and \$260 for married couples and by targeting assistance to people who meet certain standards of un-employability as determined and certified by a licensed physician, licensed consulting psychologist, licensed psychologist, or vocational specialist.

In 1998, families with children were moved from GA to the Minnesota Family Investment Program, immediately reducing the number of people served on GA each month from 15,000 to 11,000. Since that time, the average number of people served on GA has ranged from a low of roughly 7,800 a month in FY 2000 to the current average of 19,965 a month with an average payment of \$173.53 per person for FY 2010.

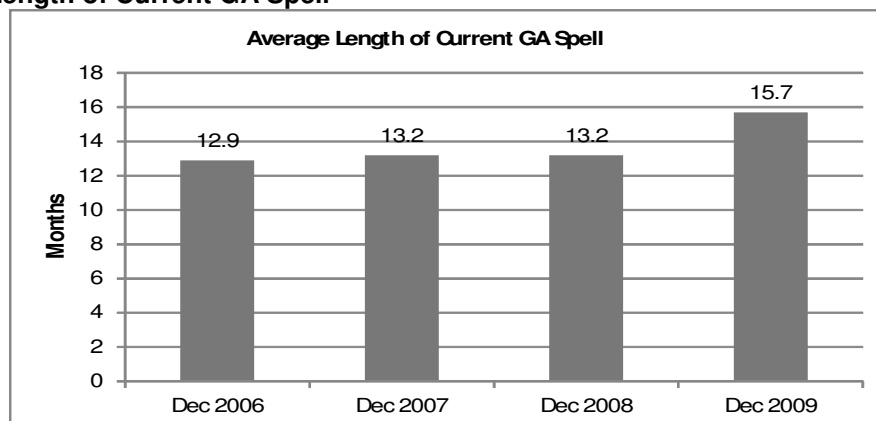
In FY 2001, room and board payments for women staying in battered women's shelters were transferred out of the GA program into the Department of Public Safety's Crime Victims Services.

Key Activity Goals & Measures

- **Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.** GA is temporary for some recipients while they overcome an emergency situation, a temporary problem, or are waiting for approval for other forms of assistance. For others, with more intractable barriers to self-support, assistance is needed for longer periods of time. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Key measures include:

- **Average Length of Current GA Spell**



Source: GA Characteristics Reports, DHS PAID

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: GENERAL ASSISTANCE GRANTS

Narrative

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

General Assistance Grants is funded with appropriations from the state's General Fund.

Contact

For more information on General Assistance Grants, contact the DHS Community Partnerships Division, (651) 431-3809.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: GENERAL ASSISTANCE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	43,823	49,947	49,947	49,947	99,894
Technical Adjustments					
Current Law Base Change			(275)	(58)	(333)
November Forecast Adjustment		(373)	1,189	1,054	2,243
Subtotal - Forecast Base	43,823	49,574	50,861	50,943	101,804
Governor's Recommendations					
Combine & Restructure EGA & EMSA		0	(1,200)	(1,160)	(2,360)
Total	43,823	49,574	49,661	49,783	99,444
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	42,712	49,574	49,661	49,783	99,444
Statutory Appropriations					
Miscellaneous Special Revenue	36	100	100	100	200
Total	42,748	49,674	49,761	49,883	99,644
<u>Expenditures by Category</u>					
Payments To Individuals	42,748	49,674	49,761	49,883	99,644
Total	42,748	49,674	49,761	49,883	99,644

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MINNESOTA SUPPLEMENTAL AID GRANTS

Narrative

Activity at a Glance

- Provides 28,780 people with disabilities or over age 65 with a \$95.09 cash supplement each month.

Activity Description

Minnesota Supplemental Aid (MSA) Grants provides a state-funded monthly cash supplement to people who are eligible for federal Supplemental Security Income (SSI) benefits and are disabled, aged, or blind.

Population Served

To receive MSA benefits, a person must be

- age 65 or older;
- disabled and age 18 or older; and
- blind or have severely impaired vision; or
- eligible for SSI.

Services Provided

MSA standards are adjusted by the amount of the cost of living adjustment (COLA) in SSI, if any. The monthly MSA grant is based on the difference between the recipient's monthly SSI benefit rate and the appropriate MSA standard. As of 1-1-09, MSA standards are \$735 each month to individuals living alone and \$1,102 each month to couples. Additional amounts may be available for persons with emergency or special needs. Federal SSI funds are deducted from the MSA standards, significantly reducing the actual MSA payment amount. MSA monthly grants averaged \$95.09 in SFY 2010.

Historical Perspective

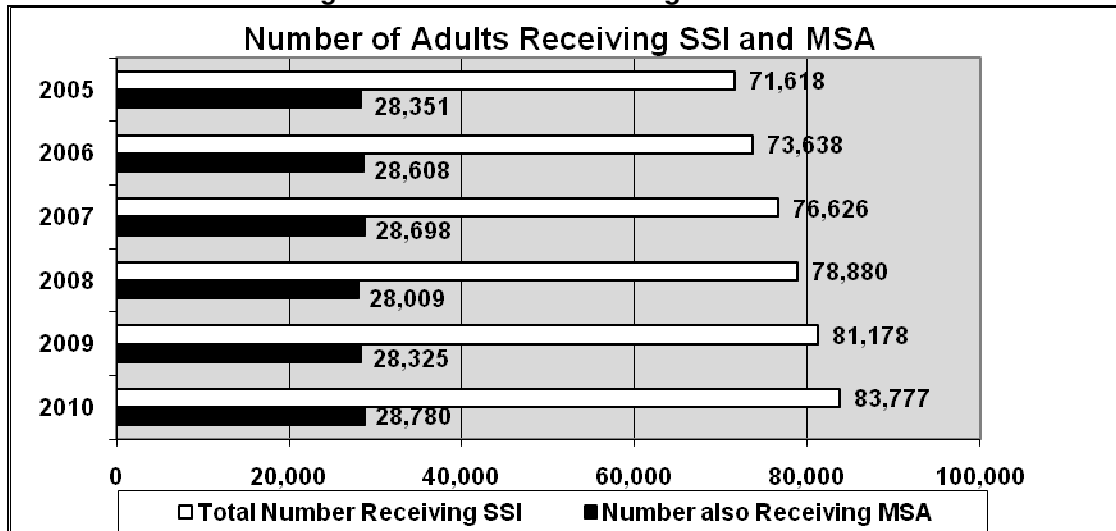
The legislature established the MSA program in 1974. The program serves as the federally mandated supplement to Minnesota recipients of the SSI program.

Key Goals & Measures

- **Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.** At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social service, and other supports from the department and its partners. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Key activity measures include

- **Number of adults receiving SSI who are also receiving MSA.**



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Minnesota Supplemental Aid Grants is funded with appropriations from the state General Fund.

Contact

For more information on MSA Grants, contact the Minnesota Supplemental Aid Office at (651) 431-4049. Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MINNESOTA SUPPLEMENTAL AID GR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	35,651	39,034	39,034	39,034	78,068
Technical Adjustments					
Current Law Base Change			(1,964)	(1,241)	(3,205)
November Forecast Adjustment		(2,148)	1,963	2,158	4,121
Subtotal - Forecast Base	35,651	36,886	39,033	39,951	78,984
Governor's Recommendations					
Combine & Restructure EGA & EMSA		0	(1,100)	(1,100)	(2,200)
Total	35,651	36,886	37,933	38,851	76,784
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	33,297	36,886	37,933	38,851	76,784
Statutory Appropriations					
Miscellaneous Special Revenue	2	50	50	50	100
Total	33,299	36,936	37,983	38,901	76,884
<u>Expenditures by Category</u>					
Payments To Individuals	33,299	36,936	37,983	38,901	76,884
Total	33,299	36,936	37,983	38,901	76,884

Activity at a Glance

- Provides room and board in 5,200 settings for an average of 17,500 recipients a month.
- Pays the basic GRH room and board rate of \$846 per month.
- Serves a variety of people, including people with developmental disabilities, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.

Activity Description

Group Residential Housing (GRH) Grants provides income supplements for room, board, and other related housing services for people whose illnesses or disabilities prevent them from living independently. In order for its residents to be eligible for GRH payments, a setting must be licensed by the Minnesota Department of Human Services (DHS) as an adult foster home or by the Minnesota Department of Health as a board and lodging establishment, a supervised living facility, a boarding care home, or, in some cases, registered as a housing-with-services establishment.

Population Served

- There are more than 5,200 GRH settings serving a monthly average of 17,500 recipients who are unable to live independently in the community due to illness or incapacity.
- GRH settings serve a variety of people, including people with developmental disabilities, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.
- People receiving GRH often also receive services through Medical Assistance (MA) Home Care, a MA home and community-based waiver under Title XIX of the Social Security Act, or mental health grants. In these cases, the GRH rate is restricted to the room and board rate only. The combination of GRH room and board supports and Medical Assistance services enables people to live in their communities rather than in institutions.

Services Provided

- GRH separately identifies housing costs from services and provides a standard payment rate for housing for aged, blind, and disabled people in certain congregate settings.
- GRH is a supplement to a client's income to pay for the costs of room and board in specified licensed or registered settings.
- Currently, the basic GRH room and board rate is \$846 per month, which is based on a statutory formula. The maximum additional GRH payment rate for settings that provide services in addition to room and board is \$459.85 per month. In limited cases, and upon county and state approval, GRH will also fund up to \$459.85 per month (based on documented costs) for people whose needs require specialized housing arrangements.
- Although GRH is 100% state-funded, these rates are offset by the recipient's own income contribution (usually Supplemental Security Income or Social Security Retirement or Disability Insurance contributions of at least \$674).
- GRH also pays for basic support services, such as oversight and supervision, medication reminders, and appointment arrangements, for people who are ineligible for other service funding mechanisms, such as home and community-based waivers or home care.

Historical Perspective

GRH was once part of the Minnesota Supplemental Aid (MSA) Program but was made a separate program in the mid-1990s. There is currently a moratorium on the addition of GRH beds with a rate that exceeds the base rate of \$846 per month.

Key Activity Goals & Measures

- **People in need will receive support that helps them live as independently as possible.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.** At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social service, and other supports from the department and its partners. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfsrserver/Legacy/DHS-4694-ENG>).

HUMAN SERVICES DEPT

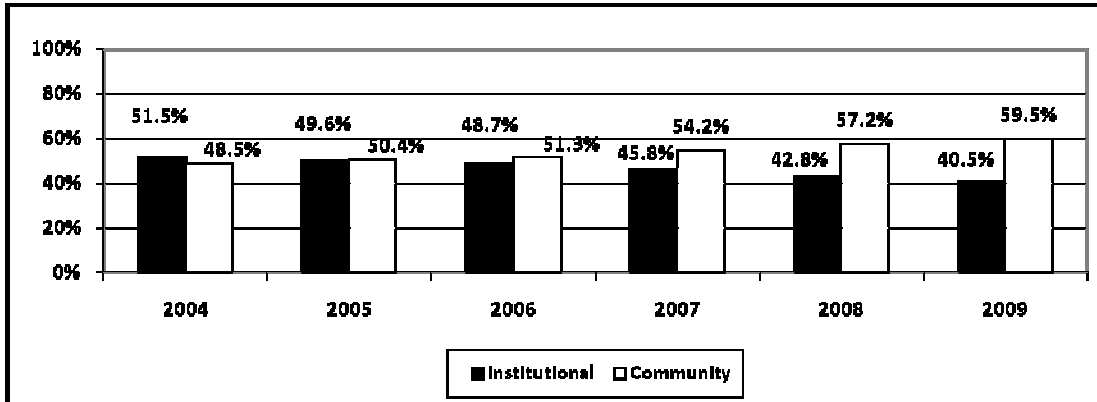
Program: **FORECASTED PROGRAMS**

Activity: **GROUP RESIDENTIAL HOUSING GRANTS**

Narrative

Key activity measures include:

- **Proportion of elderly receiving publicly-funded services living in institutional versus community settings.**



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Group Residential Housing Grants is funded with appropriations from the state General Fund.

Contact

For more information on Group Residential Housing, contact Community Living Supports, (651) 431-3885. Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: GROUP RESIDENTIAL HOUSING GR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	112,387	115,992	115,992	115,992	231,984
Technical Adjustments					
Current Law Base Change			7,028	14,298	21,326
November Forecast Adjustment		(1,633)	(1,585)	(947)	(2,532)
Subtotal - Forecast Base	112,387	114,359	121,435	129,343	250,778
Total	112,387	114,359	121,435	129,343	250,778
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	111,322	114,359	121,435	129,343	250,778
Statutory Appropriations					
Miscellaneous Special Revenue	1,671	1,650	1,650	1,650	3,300
Total	112,993	116,009	123,085	130,993	254,078
<u>Expenditures by Category</u>					
Payments To Individuals	112,533	115,549	124,210	131,480	255,690
Local Assistance	460	460	(1,125)	(487)	(1,612)
Total	112,993	116,009	123,085	130,993	254,078

Activity at a Glance

- Purchases health care for 118,000 enrollees per month (FY 2009 average)
- Assists low-income, working families and adults who cannot afford health insurance
- Invests in preventive health care that makes Minnesota one of the healthiest states in the country
- Supports families that have transitioned from welfare to work

Activity Description

MinnesotaCare Grants pay for health care services for Minnesotans who do not have access to affordable health insurance. There are no health condition barriers but applicants must meet income and other program guidelines to qualify. Enrollees pay a premium based on income.

Population Served

Enrollees typically are working families and people who do not have access to affordable health insurance:

- Children, parents with children under 21, and pregnant women must have household incomes at or below 275% of the federal poverty guidelines (FPG). Parents with household incomes over \$50,000 are not eligible. In FY 2009, an average of 70,000 people was enrolled under these categories each month.
- Adults (age 21 and over) without children must have household incomes at or below 250% of FPG. In FY 2009, the average monthly enrollment of adults without children was 48,000.
- Except for certain low-income children, applicants are not eligible if they have other health insurance (including Medicare), have access to coverage through their employer and the employer's share of the premium is 50% or more, have had access to such coverage in the past 18 months, or have had other insurance within the past four months.

Income as a percent of federal poverty guidelines (FPG)	Percent of MinnesotaCare households in 2009
≤ 100%	44.1%
101% - 150%	29.3%
151% - 175%	11.4%
176% - 200%	7.8%
201% - 275%	7.2%
> 275%	0.2%

The average enrollee premium for FY 2009 was \$24 per person per month. The premium for some low-income children is \$4 per month.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to \$10,000 in assets; a household size of two or more can own up to \$20,000. Some assets, such as homestead property and burial funds, are not counted.

Services Provided

MinnesotaCare pays for many basic health care services. The Department of Human Services (DHS) contracts with managed care health plans to provide services. Covered services include:

- medical transportation (emergency use only for non-pregnant adults);
- chemical dependency treatment;
- chiropractic care, with a \$3 co-pay for non-preventive visits for adults (pregnant women do not have a copay);
- physician and health clinic visits, with a \$3 co-pay for non-preventive visits for adults (except for pregnant women, who do not have a copay);
- limited adult dental services;
- nonemergency visits to a hospital-based emergency room, with a co-pay (For services provided through 12-31-10 the co-pay is \$6. The co-pay will be reduced to \$3.50 effective 1-1-11);
- eye checkups and prescription eyeglasses (some restrictions apply), with a \$25 co-pay on eyeglasses for adults, except for pregnant women;
- home care, such as a nurse visit or home health aide;
- hospice care;
- immunizations;

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MINNESOTACARE GRANTS

Narrative

- laboratory and X-ray services;
- medical equipment and supplies;
- mental health services;
- most prescription drugs (there is a \$3 co-pay for adults, except for pregnant women);
- rehabilitative therapies; and
- inpatient hospital services, with:
 - no dollar limit for children under 21 and pregnant women;
 - no dollar limit for adults who have a child under 21 in their home and whose income is equal to or less than 200% FPG; and
 - a \$10,000 limit per year, with a 10% co-pay (up to \$1,000 co-pay per adult per year), for all other adults.

For admissions occurring on or after 7-1-11, MinnesotaCare payment for inpatient hospital services for adults without children must be fee-for-service, up to the MA payment rate, and up to the \$10,000 annual inpatient benefit limit, minus any copayment.

Children under 21 and pregnant women also have coverage for the following services:

- personal care attendant services;
- nursing home or intermediate care facilities;
- private duty nursing;
- non-emergency medical transportation;
- case management services; and
- full dental services.

Historical Perspective

MinnesotaCare was enacted in 1992 to provide health care coverage to low-income people who do not have access to affordable health care coverage.

The program was implemented in October 1992 as an expansion of the Children's Health Plan. The Children's Health Plan began in July 1988 and provided comprehensive outpatient health care coverage for children ages one through 17 years. MinnesotaCare initially covered families with children whose income was at or below 185% of FPG. In January 1993, the program was expanded to cover families with children whose income was at or below 275% of FPG. In October 1994, MinnesotaCare became available to adults without children whose income was at or below 125% of FPG. The income standard for adults without children was raised to 135% of FPG in July 1996, to 175% in July 1997, to 200% in January 2008, and to 250% in July 2009.

In 1995, the federal government approved an amendment to the Prepaid Medical Assistance Program §1115 Waiver (known as PMAP+ Waiver) allowing for the provision of federal Medicaid matching funds for children and pregnant women in MinnesotaCare with incomes at or below 275% of FPG. This was followed by an amendment approved in 1999 that allows federal Medicaid matching funds for MinnesotaCare parents and other adult caretakers with incomes up to 275% of FPG. The waiver also allows for different cost-sharing and benefits for parents and caretakers in MinnesotaCare than in Medical Assistance.

In May 2005, Minnesota received approval from the federal Centers for Medicare and Medicaid Services for a three-year extension. Another three-year extension was approved in 2008, and the waiver is due to be renewed again 7-1-11.

Minnesota also uses funds from the Children's Health Insurance Program (CHIP), which was created by Congress in 1997 to help states cover more low-income children and families. The PMAP+ Waiver, in combination with an S-CHIP §1115 Waiver, has been an essential component of Minnesota's effort to develop innovative ways to achieve its long standing goal of continuously reducing the number of Minnesotans who do not have health insurance.

Between 2003 and 12-31-07, MinnesotaCare benefits for adults without children with income over 75% of FPG but no greater than 175% of FPG were limited to certain core services and capped at \$5,000 per year. The \$5,000 cap was lifted in 2005, and coverage for diabetic supplies and equipment and mental health services was added to the MinnesotaCare benefit set for adults without children.

Beginning in September 2006, certain General Assistance Medical Care (GAMC) applicants and enrollees were required to transition to MinnesotaCare. These applicants and enrollees moved from GAMC coverage to MinnesotaCare coverage with a six-month transition period. County agencies paid MinnesotaCare premiums for these enrollees during the transition period. At the end of the six-month period, enrollees were re-determined for MinnesotaCare and the county agency's obligation to pay the MinnesotaCare premium ended. This Transitional MinnesotaCare program was eliminated effective 4-1-10.

The 2007 legislature enacted a law that provides children ages one through 18 who become ineligible for MA due to excess income, with two additional months of MA coverage followed by automatic MinnesotaCare eligibility until the next MinnesotaCare renewal. These children will be exempt from the MinnesotaCare income limit and from the MinnesotaCare insurance barriers until their MinnesotaCare renewal. These children will be required to pay the standard MinnesotaCare sliding scale premiums to enroll and remain enrolled.

The 2008 legislature enacted provisions to permit MinnesotaCare enrollees who fail to submit renewal forms and related documentation continued eligibility for an additional month beyond their current eligibility period, and to provide enrollees who fail to pay premiums timely one additional month of coverage, before closure for failure to pay premiums.

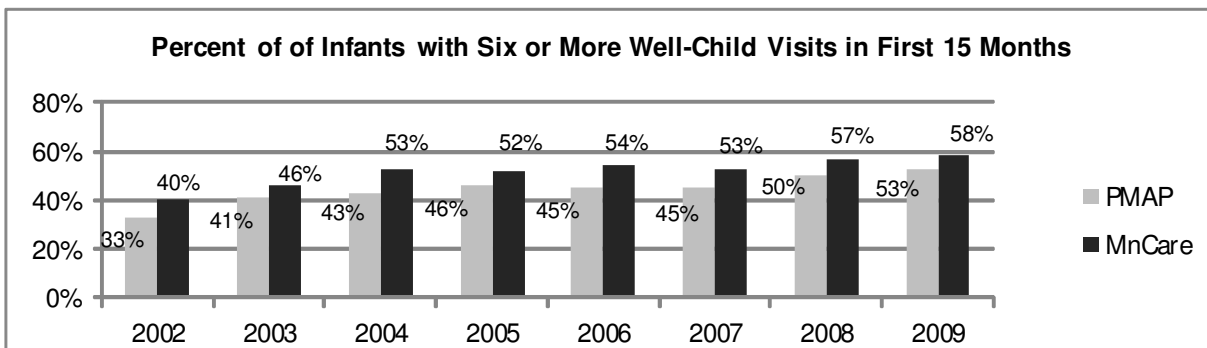
The 2009 legislature enacted provisions that:

- eliminate the 275% FPG income limit on eligibility for children;
- exempt children with family income up to 200% FPG from the employer-subsidized insurance (ESI) barrier, the four-month other health coverage barrier and premiums;
- provide automatic eligibility and exemption from premiums for children who are residing in foster care or a juvenile residential correctional facility on their 18th birthday, with eligibility beginning on the first day of the month following their termination from foster care or release from the residential correctional facility; and
- continue eligibility for children in families with income equal to or below 275% of FPG who fail to submit renewal forms and related documentation necessary for verification in a timely manner, unless the commissioner determines that there has been a change of income that affects premiums.

These changes are effective upon federal approval, which has not yet been received.

Key Activity Goals & Measures

- **Minnesotans will be healthy.** This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>).
 - **Percentage of children enrolled in Minnesota health care programs who receive the expected number of well-child visits.** The 2009 data for this measure indicate that for children enrolled in the managed care Prepaid Medical Assistance Programs (PMAP), 53.0% of those in the first 15 months of life received the recommended number of well-child visits for their age group. The comparable figure for children enrolled in the MinnesotaCare managed care program is 58.0%. DHS aims to increase these rates.

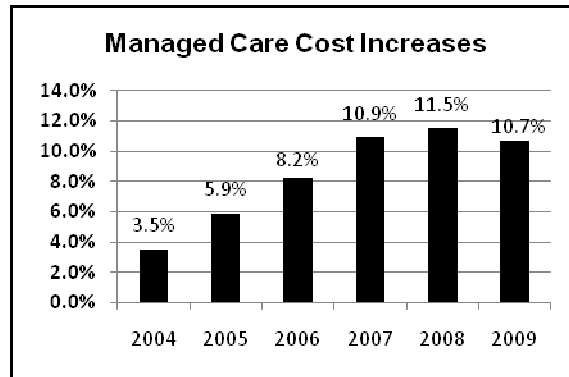


- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based

care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfs/legacy/DHS-4694-ENG>).

- **Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is managed care cost increases in Minnesota health care programs.

<http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

MinnesotaCare Grants is funded with appropriations from the health care access fund, from federal funds, and from enrollee premiums.

Contact

For more information on MinnesotaCare Grants, contact Health Care Administration, (651) 431-3050. Information on DHS programs is available on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: FORECASTED PROGRAMS
 Activity: MINNESOTACARE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Health Care Access					
Current Appropriation	448,647	354,096	354,096	354,096	708,192
Technical Adjustments					
Current Law Base Change			(45,293)	4,831	(40,462)
November Forecast Adjustment		95,019	85,841	116,710	202,551
Subtotal - Forecast Base	448,647	449,115	394,644	475,637	870,281
Governor's Recommendations					
Managed Care Reforms		0	(5,310)	(18,928)	(24,238)
Critical Access Dental Payments		0	(603)	(2,207)	(2,810)
Suspend Managed Care Incentive Payments		0	(138)	(138)	(276)
Reduce Basic Care Rates		0	(42)	(112)	(154)
Managed Care Surcharge & Payment Rates		0	4,799	9,273	14,072
End MnCare for Adults Above 200% FPG		0	(10,092)	(23,194)	(33,286)
Repeal Unapproved MA Bridge Program		0	(719)	(9,713)	(10,432)
Repeal Unapproved Rolling & Grace Month		0	(1,778)	(8,511)	(10,289)
Repeal Unapproved MnCare Changes		0	(149)	(2,010)	(2,159)
Federal Compliance: Eligibility Changes		0	1,988	2,904	4,892
Tighten CD Tx Placement Criteria		0	(8)	(11)	(19)
Total	448,647	449,115	382,592	422,990	805,582
<u>Expenditures by Fund</u>					
Direct Appropriations					
Health Care Access	445,846	449,115	382,592	422,990	805,582
Statutory Appropriations					
Miscellaneous Special Revenue	24,681	34,402	39,949	41,186	81,135
Federal	193,530	211,814	216,944	282,850	499,794
Total	664,057	695,331	639,485	747,026	1,386,511
<u>Expenditures by Category</u>					
Payments To Individuals	664,057	695,331	639,485	747,026	1,386,511
Total	664,057	695,331	639,485	747,026	1,386,511
Full-Time Equivalents (FTE)	0.0	0.0	-1.0	-2.0	

Activity at a Glance

- Had an average monthly enrollment of 32,000 in FY 2009
- Since 6-1-10, has delivered most services through coordinated care delivery systems (CCDS). Grants pay for certain health care services for Minnesotans not eligible for Medical Assistance
- Serves primarily low-income adults without children

Activity Description

General Assistance Medical Care (GAMC) Grants pays for health care services for low-income Minnesotans who are ineligible for Medical Assistance (MA) or other state or federal health care programs.

Population Served

GAMC serves:

- primarily single adults who are between ages 21 and 64 and who do not have dependent children; and
- people receiving General Assistance (GA) cash grants.

Local county agencies determine eligibility for GAMC within state guidelines. Eligibility criteria include:

- household income may not exceed 75% of the federal poverty guidelines (FPG) and
- assets may not exceed \$1,000 per household (Some assets, such as homestead property and burial funds, are not counted.)

Persons not eligible for GAMC include: persons in correctional facilities; persons residing in the Minnesota Sex Offender Program (MSOP); persons with other health insurance; persons not cooperating with disability determinations; and adults living in households with children.

Services Provided

Most GAMC services are now delivered through hospital-based coordinated care delivery systems (CCDS). A CCDS is a hospital or group of hospitals that contracts with the state to provide covered services as approved by the Commissioner. CCDSs can contract with providers and clinics to deliver covered services and must contract with essential community providers to the extent practicable.

As of 9-1-10, there are four delivery systems contracting with the state to serve GAMC enrollees. Services that are covered for all GAMC recipients, regardless of CCDS enrollment, are:

- outpatient prescription drugs dispensed by pharmacies;
- medication therapy management services performed by pharmacists; and
- alcohol and drug treatment through the county.

Services available at all CCDSs include:

- inpatient and outpatient hospital;
- doctor or clinic visits;
- emergency room care (ER);
- medical transportation (ambulance);
- mental health services; and
- physician-administered drugs.

Additional services may vary by CCDS. Chemical dependency treatment services may be available to GAMC-eligible individuals through the Consolidated Chemical Dependency Treatment Fund.

Copays for GAMC include a \$25 copay on nonemergency ER visits and a \$3 or \$1 copay on prescription drugs, up to a maximum \$7 per month.

For services provided on or after 6-1-10, and to 2-28-11, non-CCDS hospitals choosing to serve GAMC clients who are not enrolled in a CCDS can submit claims for reimbursement through a temporary uncompensated care pool.

GAMC also covers outpatient prescription drugs on a fee-for-service basis through a prescription drug pool, subject to limits on available funding. Copays on prescription drugs include \$3 for brand name and \$1 for generics subject to a \$7 per month maximum. Copayments do not apply to anti-psychotic drugs used to treat mental illness or to prescription drugs used for family planning.

Historical Perspective

The legislature established the state-funded GAMC program in 1976. GAMC paid for the same broad range of medical services as MA until 1981, when coverage was restricted to seven major services: inpatient hospital care, outpatient hospital care, prescription drugs, physician services, medical transportation, dental care, and community mental health center day treatment. Many services were later added back into coverage.

In 1989, provisions were added that made a person who gives away certain property ineligible for GAMC for a designated penalty period. In 1995, the time during which such transfers are examined was increased from 30 to 60 months prior to application.

Through 1990, the state paid 90% of the GAMC costs and counties paid 10%. Beginning in 1991, the state began covering the 10% county share.

In 2003, the following coverages were eliminated:

- coverage for people with incomes over 75% of the FPG who incurred medical bills exceeding the difference between their income and this limit (this provision, known as spenddown, was replaced with a hospital-only coverage option up to 175% of the FPG income cap);
- coverage for bills incurred in the month before the application, and;
- coverage for undocumented and non-immigrant people.

Beginning in September 2006, certain GAMC applicants and enrollees were required to transition to MinnesotaCare. These applicants and enrollees moved from GAMC coverage to MinnesotaCare coverage during a six-month transition period. County agencies paid MinnesotaCare premiums for these enrollees during the transition period. GAMC applicants and enrollees were exempt from the requirement to transition to MinnesotaCare if they met specified criteria. The Transitional MinnesotaCare Program was eliminated for persons who applied for GAMC on or after 4-1-10.

Effective 6-1-10, GAMC services were made available through CCDSs, with the exception of outpatient prescription drugs and medication therapy management. Hospitals contracting as CCDSs receive an allocation based on the hospital's calendar year 2008 fee-for-service payments for GAMC services. Prescription drugs are delivered on a fee-for-service basis from a prescription drug pool. (Hospital-only GAMC coverage for adults over 75% FPG and equal to or less than 175% of FPG was also eliminated.)

Key Activity Goals & Measures

- ***Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.*** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

The new GAMC program, with CCDSs, began operations in June 2010. Although its name is still GAMC the new program is significantly different from the GAMC program that it replaced. The development of appropriate outcome measures for the new program is under consideration by the department.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

General Assistance Medical Care Grants is funded with appropriations from the General Fund.

Contact

For more information on General Assistance Medical Care Grants, contact Health Care Administration, Phone: (651) 431-2478.

Information on DHS programs is available on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: FORECASTED PROGRAMS
Activity: GAMC GRANTS

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Governor's Recomm.</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>FY2012</i>	<i>FY2013</i>	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	340,441	70,448	70,448	70,448	140,896
Technical Adjustments					
November Forecast Adjustment			(70,448)	(70,448)	(140,896)
Subtotal - Forecast Base	340,441	80,034	0	0	0
Total	340,441	80,034	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	296,607	89,221	429	-115	314
Total	296,607	89,221	429	-115	314
<u>Expenditures by Category</u>					
Other Operating Expenses	0	0	(11,761)	(11,761)	(23,522)
Payments To Individuals	296,607	89,221	12,190	11,646	23,836
Total	296,607	89,221	429	-115	314

Activity at a Glance

- 662,000 Minnesotans receive health care assistance through this grant area each year.
- Eligible Minnesotans receive long-term care services through this grant area each year.

MA coverage of Basic Health Care for Families and Children

- Purchases preventive and primary health care for a monthly average of 395,000 enrollees (in FY 2009)
- Acts as a safety net health care program for the lowest income Minnesotans
- Is the state's largest publicly-funded health care program

MA coverage of Basic Health Care for Elderly and Disabled

- Purchases health care for an average of approximately 55,600 elderly Minnesotans and 106,500 people with disabilities (in FY 2009)
- Helps an average of 11,100 elderly and people with disabilities with paying Medicare premiums and co-payments

MA coverage of Long-Term Care Facilities Services

- Nursing facility and boarding care home services provide services to 30,000 people per month, 19,000 of whom are on MA
- Provides ICF/MR services to 1,800 residents per month
- Provides DT&H services to 13,200 people per year

MA coverage of LTC Waivers and Home Care

- Supports 48,900 people per month who are at risk of placement in an institution in the community through long-term care waivers
- Provides MA personal care and private duty nursing to 15,300 people per month
- Provides home health care services to 5,000 people per month

Activity Description

Medical Assistance (MA) is Minnesota's Medicaid program. MA purchases preventative and primary health care services for low-income Minnesotans. This budget activity also covers long-term care (LTC) services for individuals at risk of nursing facility (NF) care and intermediate care facilities for people with developmental disabilities (ICFs/MR), as well as home care services and the home and community-based option of long-term care waivers.

Population Served

Primary and preventative health care services are provided to pregnant women, children, parents/caregivers of children under age 20, people with disabilities, and blind and elderly Minnesotans.

Services Provided

In general, local county agencies determine eligibility for MA within federal and state guidelines. See additional MA Focus pages (following) for more information about the MA services provided to families and children, people with disabilities, and the elderly.

A few MA services (e.g. non-emergency Emergency Room visits, prescription drugs) require copayments. Federal regulations limit the amounts that can be required as copayments and limit who can be charged copayments. For example, the following people do not have to pay co-pays: pregnant women, children under age 21, people residing in or expecting to reside for more than 30 days in a long-term care facility, people receiving hospice care, Minnesota Family Planning Program enrollees, and people in the Refugee Medical Assistance Program. Co-pays for enrollees with income at or below 100% of the federal poverty guidelines are limited to 5% of their monthly income.

Historical Perspective

In 1966, less than a year after Congress established the Medicaid program under Title XIX of the Social Security Act, Minnesota began receiving federal matching funds for the state's MA program. By accepting federal matching funds, states are subject to federal regulations, but have some flexibility concerning coverage of groups, covered services, and provider reimbursement rates.

Home and community-based waivers were established under section 1915 of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of home and community-based services to people who may otherwise be institutionalized.

Minnesota's MA program has expanded since the mid-1980s. The expansions have focused primarily on low-income, uninsured, or under-insured children, as well as eligibility changes to better support seniors and people with disabilities in their own homes or in small, community-based settings. During this same timeframe a moratorium was placed on nursing facilities and intermediate care facilities for people with developmental disabilities (ICFs/MR) and efforts to develop home and community-based alternatives gained momentum.

The American Recovery and Reinvestment Act (ARRA), enacted in February 2009, prohibits states from restricting eligibility (standards, methodologies, and procedures) beyond eligibility as it existed on 7-1-08.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

Restrictions on eligibility include reducing income or asset standards, increasing premiums, adding verifications, requiring more frequent eligibility renewals, and some changes to long term care programs that would have the effect of reducing the number of people eligible for Medicaid. The penalty for violating the maintenance of effort (MOE) is loss of the temporary enhanced federal matching funds made available in the ARRA. The ARRA MOE requirement was to expire on 1-1-11, but it has recently been extended to 7-1-11.

The Affordable Care Act, enacted in March of 2010, created a new MOE requirement that requires states to maintain eligibility standards, methodologies, and procedures no more restrictive than those in effect on 3-23-10. This requirement is in effect until the new Health Benefit Exchanges are operational (January of 2014 for adults, and January of 2019 for children). The penalty for violating this requirement can affect all federal matching funds in Medicaid. The federal Centers for Medicare and Medicaid Services (CMS) agency has not yet issued guidance on the topic of the MOE requirement in the Affordable Care Act.

Key Activity Goals & Measures

See additional Focus pages (following) for specific goals and measures for the MA program with respect to families and children, people with disabilities, and the elderly.

Activity Funding

MA Grants are funded with appropriations from the General Fund and from federal Medicaid funds.

Contact

For information about DHS contacts for the MA program, see the contact information at the end of each of the following Focus sections.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

Focus: MA Basic Health Care for Families & Children

MA Basic Health Care coverage for Families and Children purchases health care services for the poorest Minnesotans. It differs from MinnesotaCare in that its income guidelines are lower, it does not have premiums, and it pays retroactively for medical bills incurred. MA Basic Health Care for Families and Children includes funding for the Minnesota Family Planning Program (MFPP), a program that provides coverage of family planning and related health care services for people who are not currently enrolled in any other Minnesota Health Care Programs.

Population Served

MA serves

- pregnant women with incomes at or below 275% of the federal poverty guidelines (FPG);
- infants under age two with incomes at or below 280% of the FPG;
- children ages two through 18 at or below 150% of the FPG; and
- parents, relative caretakers, and children ages 19 and 20 at or below 100% of the FPG.

Families and children with income over the MA limits may qualify through a spend-down provision if incurred medical bills equal or exceed the difference between their income and 100% of the FPG.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to \$10,000 in assets; a household size of two or more can own up to \$20,000. Some assets, such as homestead property and burial funds, are not counted. Enrollees who become ineligible for MA because of increased earned income or child/spousal maintenance may be eligible for transitional MA for four to 12 months.

MA provides retroactive coverage for medical bills incurred up to three months before the date of application.

DHS determines eligibility for the Minnesota Family Planning Program (MFPP). Certified providers may determine temporary eligibility. The MFPP serves men and women between ages 15 and 50 with incomes at or below 200% of the FPG.

Services Provided

DHS purchases most services for this population through capitated rate contracts with health plans. In most areas of the state, MA parents and children have multiple health plans from which to choose. Covered services include:

- physician services;

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

- ambulance and emergency room services, with a \$6 co-pay on non-emergency, emergency room visits before 1-1-11, and effective on or after 1-1-11, a \$3.50 co-pay on non-emergency room visits;
- laboratory and X-ray services;
- rural health clinics;
- chiropractic services;
- early periodic screening, diagnosis, and treatment;
- chemical dependency treatment;
- mental health services;
- inpatient and outpatient hospital care;
- eyeglasses and eye care;
- immunizations;
- medical transportation, supplies, and equipment;
- prescription drugs, with \$3 co-pay on brand names, \$1 co-pay on generic, and a \$7 per month maximum;
- dental care;
- home care;
- hospice care, effective retroactive from 3-23-10 a recipient of MA, age 21 or under, who elects to receive hospice care does not waive coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made;
- nursing home; and
- rehabilitative therapies.

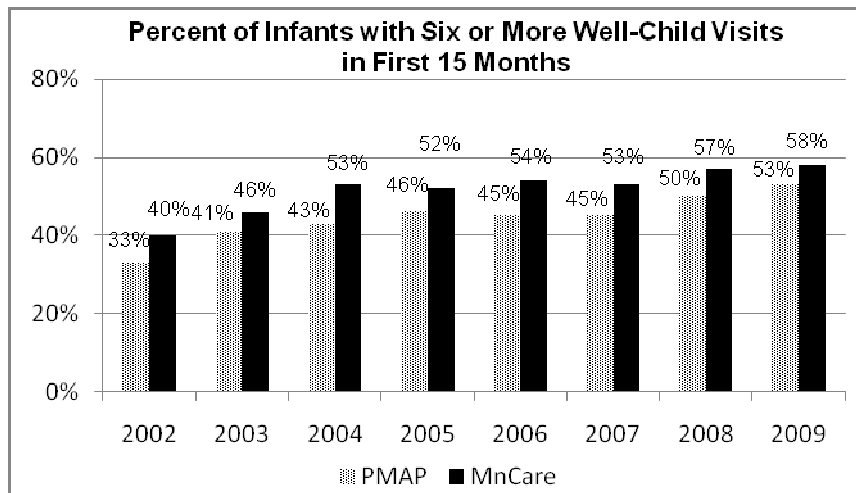
Historical Perspective

Minnesota's MA program has expanded since the mid-1980s. The expansions have focused primarily on low-income, uninsured, or under-insured children, as well as eligibility changes to better support seniors and people with disabilities in their own homes or in small, community-based settings. In 2002, the income limit for children was increased for children ages two through 18 to 175% of the FPG. This limit was reduced in 2003 to 150% of FPG.

Since the 1970s, Minnesota's approach to purchasing basic health care benefits under MA has evolved from strictly fee-for-service to increased use of contracts with health plans to deliver care for a fixed, or capitated, amount per person. Capitated contracts provide incentive for cost-effective and coordinated care and extend access to the same health care providers as the general public.

Key Activity Goals & Measures

- **Minnesotans will be healthy.** This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>).
 - **Percentage of children enrolled in Minnesota health care programs who receive the expected number of well-child visits.** The 2009 data for this measure indicate that for children enrolled in the managed care Prepaid Medical Assistance Programs (PMAP), 53% of those in the first 15 months of life received the recommended number of well-child visits for their age group. (The comparable number for children enrolled in the MinnesotaCare managed care program is 58%.) DHS aims to increase these rates.



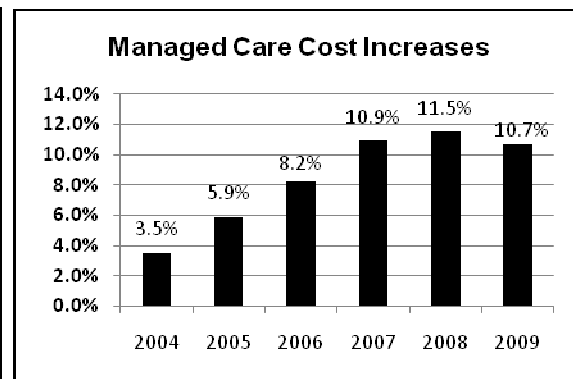
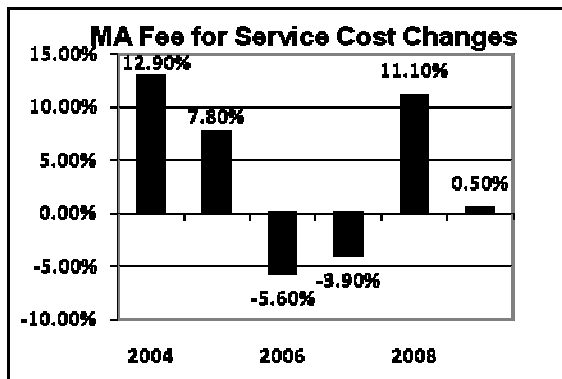
HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
- **Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is cost increases in Minnesota health care programs. <http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Contact

For more information about MA coverage for this population, contact Health Care Administration, (651) 431-2478.

Focus: MA Basic Health Care for Elderly and Disabled

MA Basic Health Care Grants—Elderly and Disabled purchases preventive and primary health care services for Minnesota's low-income elderly (65 years or older), and for people who are blind or have a disability. These funds also help many low-income Minnesotans pay Medicare premiums and co-payments.

Population Served

Elderly and disabled Minnesotans eligible for full MA coverage include:

- elderly people and people with disabilities who have incomes at or below 100% of the federal poverty guidelines (FPG) and
- people with incomes over the MA limit who may qualify if their incurred medical bills exceed the difference between their income and the spend-down standard of 75% of the FPG.

The applicable asset limit is \$3,000 for a single person and \$6,000 for a couple. Some assets, such as homestead property and burial funds, are not counted. MA provides coverage for medical bills incurred up to three months before the date of application.

Additionally, several thousand Minnesotans receive help paying Medicare costs only (rather than comprehensive MA coverage). MA covers all Medicare Part A and B cost-sharing, including premiums, for Medicare enrollees with incomes at or below 100% of the FPG. MA covers the Medicare Part B premium for Medicare enrollees with incomes between 100% and 120% of the FPG.

Medicare enrollees with incomes between 120% and 135% of the FPG, receive coverage of the Part B premium only. Higher asset limits apply to these enrollees: \$10,000 for a single person and \$18,000 for a couple.

Over 7,400 working people with disabilities receive full MA coverage under the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. To be eligible for MA-EPD, an individual must:

- be certified disabled by either the Social Security Administration or the State Medical Review Team;

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

- have gross monthly wages or countable self-employment earnings greater than \$65 per month and have Medicare, Social Security, and applicable state and federal income taxes withheld by the employer or paid by the self-employed enrollee;
- be at least 16 but under 65 years of age;
- meet the \$20,000 asset limit;
- pay a premium based on the enrollee's earned and unearned monthly income and family size; and
- pay an unearned income obligation equal to 0.5% of gross unearned income.

Since January 2004, all MA-EPD eligible enrollees pay premiums. The average monthly premium billed to MA-EPD enrollees was \$63.70 in months of January through June 2010. In June 2010, a majority of enrollees had a monthly gross earned income of less than \$720 per month.

Services Provided

MA services for elderly and disabled Minnesotans include:

- physician services, with a \$3 co-pay on non-preventive services;
- ambulance and emergency room services, with a \$6 co-pay on non-emergency, emergency room visits before 1-1-11, and effective on or after 1-1-11, a \$3.50 co-pay on non-emergency room visits;
- rural health clinics;
- chiropractic services;
- early periodic screening, diagnosis, and treatment;
- mental health services;
- chemical dependency treatment;
- inpatient and outpatient hospital care;
- eyeglasses and eye care;
- immunizations;
- medical supplies and equipment;
- prescription drugs, with a \$3 brand name co-pay, \$1 generic co-pay, and a \$7 per month maximum;
- dental care;
- medical transportation;
- rehabilitation therapies, and
- hospice care, effective retroactive from 3-23-10 a recipient of MA, age 21 or under, who elects to receive hospice care does not waive coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made.

Historical Perspective

Since the 1980s, Minnesota's approach to purchasing basic health care benefits for seniors enrolled in MA has evolved from strictly fee-for-service to increased use of contracts with health plans to deliver care for a fixed, or capitated, amount per person. Purchasing with capitated contracts provides more incentive for cost-effective and coordinated care. Enrollment in a health plan is mandatory for most MA seniors under Minnesota Senior Care Plus (MSC+), Minnesota's 1915(b)(c) waiver. MSC+ also includes home and community based waiver services and some nursing home care. Starting in 1995 DHS began contracting with Medicare plans to coordinate both Medicare and MA services for seniors under the same health plan under Minnesota Senior Health Options (MSHO). Except for Medicare, MA benefits are the same under both MSHO and MSC+. Together both programs serve over 48,000 seniors. Coordinated Medicare and MA programs are now available statewide and most seniors have voluntarily enrolled in MSHO.

In July 1999, Minnesota added the MA-EPD program that allows people with disabilities to earn income and still qualify for or buy into MA. As of December 2005, 90% of enrollees have Medicare as their primary health care coverage, while MA-EPD covers additional services, such as dental, home care, and personal care services.

In 2008 DHS established Medicare and MA coordinated health plan options for people with disabilities (Special Needs Basic Care) which also has been operating statewide, serving about 4,500 people. For people with disabilities enrollment in health plans remains voluntary.

Key Activity Goals & Measures

- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-4694-ENG>).
 - **Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system

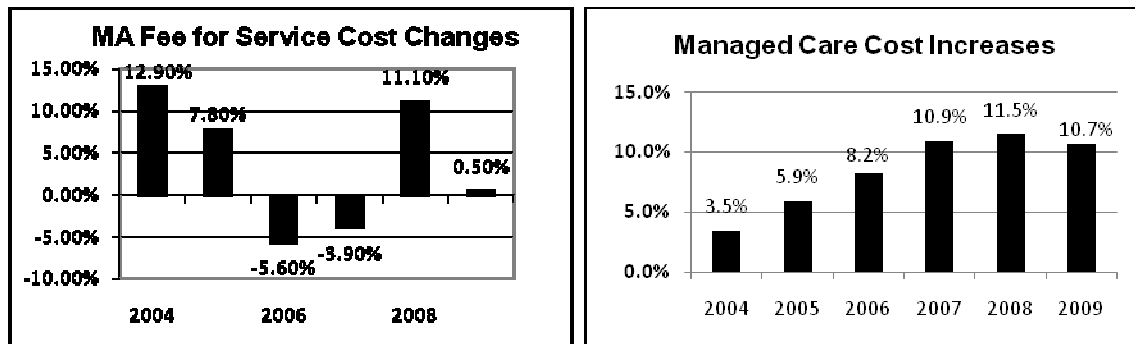
HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is cost increases in Minnesota health care programs. <http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Contact

For more information about MA Basic Health Care Grants—Elderly and Disabled, contact the Health Care Administration of DHS at (651) 431-2670.

Focus: MA - Long-Term Care Facilities

MA Long-Term Care (LTC) Facilities coverage pays for nursing facility (NF) care, intermediate care facilities for people with developmental disabilities (ICFs/MR), and day training and habilitation services for people who are ICF/MR residents.

Population Served

MA enrollees who require nursing facility or ICF/MR services must apply and be deemed eligible for LTC services. There are 599 participating long-term care facilities in the state that serve about 31,825 people per month. The following data are from reporting year 2009 for nursing facilities and from FY 2009 for ICFs/MR:

- There are 381 MA-certified NF and boarding care homes with 32,342 beds serving an average of 30,000 people. Of the 30,000 people, almost 19,000 are on MA at an average monthly rate of \$4,890. Looking at NF residents as a whole, 58% receive Medical Assistance and 42% privately pay for their care, receive Medicare, or have other payment means.
- There are 218 MA-certified ICFs/MR. Of these facilities, 151 are six beds or fewer and 67 have more than six beds. ICFs/MR served an average of 1,825 recipients per month, receiving an average monthly payment of \$6,491 per resident. In FY 2009, three ICFs/MRs were closed and 28 additional beds were decertified due to downsizing.

There are 299 DHS-licensed Day Training and Habilitation (DT&H) services sites in Minnesota serving approximately 13,182 people with developmental disabilities. These sites served an average of 1,489 ICF/MR recipients per month receiving an average MA monthly payment of \$1,843 per person.

People who reside in an ICF/MR have the flexibility and choice to receive an alternative option to DT&H, called "service during the day." This means that recipients with developmental disabilities have a choice of day services, as do people who receive a home and community-based waiver.

Services Provided

Nursing facilities provide 24-hour care and supervision in an institutional-based setting. Housing and all other services are provided as a comprehensive package including, but not limited to, nursing care, help with activities of daily living and other care needs, housing, meals, medication administration, activities and social services, supplies and equipment, housekeeping, linen and personal laundry, and therapy services (at an extra cost).

ICFs/MR, located in 59 of the state's 87 counties, provide 24-hour care, active treatment, training, and supervision to persons with developmental disabilities. The goal of ICF/MR programs in Minnesota is to assess individuals to determine what they are capable of doing, help individuals acquire the skills necessary for maximum independence, and maintain optimal health of individuals through active treatment. They range in size from four

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

beds to 64 beds. Some ICFs/MR are less medically oriented than nursing facilities and provide outcome-based services for personal needs. Many facilities now provide services for persons with aging conditions, such as Alzheimer's, and also contract for in-home hospice care. All ICFs/MR must provide functional skill development, opportunities for development of decision making skills, opportunities to participate in the community, and reduced dependency on care providers. Like nursing facilities, an ICF/MR provides a package of services which includes housing and food.

DT&H services are licensed supports providing persons with developmental disabilities help to develop and maintain life skills, participate in the community, and engage in productive and satisfying activities. DT&H services include supervision, training, and assistance in self-care; communication, socialization, and behavior management; supported employment and work-related activities; training in community survival skills and money management; therapeutic activities that increase adaptive living skills; and community-based activities including the use of leisure and recreation time. DT&Hs provide an average of 230 days of service per year.

Historical Perspective

Nursing facility usage grew rapidly with the establishment of the federal Medicaid program in the 1960s. Federal matching funds for the state's publicly-funded health care programs provided an incentive for investment in the development of nursing homes. Medicaid expenditures grew as people who qualified for NF services accessed this service. In the 1980s, a moratorium was placed on development of new NFs and efforts were made to develop home and community-based alternatives that are preferred by the elderly and are less expensive. NF utilization has been declining and NFs are more often used for short-term care and rehabilitation following hospitalization. Recent efforts to "right size" the industry and to provide financial stability include provisions for bed layaway, higher rates for short lengths of stay, planned bed closures, and creation of single-bed rooms.

Efforts to improve the quality of nursing facility services have now expanded beyond the historic regulatory approach and include measuring quality, publicly disclosing rankings based on those measures, and tying the quality measures to payment. The quality measures used include:

- quality of life and satisfaction based on resident face-to-face interviews;
- Minnesota quality indicators based on assessments of residents;
- deficiency finding from Minnesota Department of Health inspections;
- level of direct care staffing;
- retention of direct care staff;
- use of staff from temporary agencies; and
- proportion of beds in single-bed rooms.

ICFs/MR are another Medicaid-funded entitlement service. Before the 1970s, virtually all public services for people with developmental disabilities were paid for with state funds and delivered in large state institutions. In 1971, Congress authorized Medicaid funding for ICF/MR services. To qualify for Medicaid reimbursement, ICFs/MR had to be MA-certified and comply with federal standards. Smaller ICFs/MR developed in the 1970s and early 1980s to aid in deinstitutionalizing people with disabilities from large state-run institutions. After a moratorium was placed on the development of new ICFs/MR in the mid-1980s, people began receiving services in their own homes through home and community based services. Since that time, the number of people served in ICFs/MR has been steadily declining.

Key Activity Goals & Measures

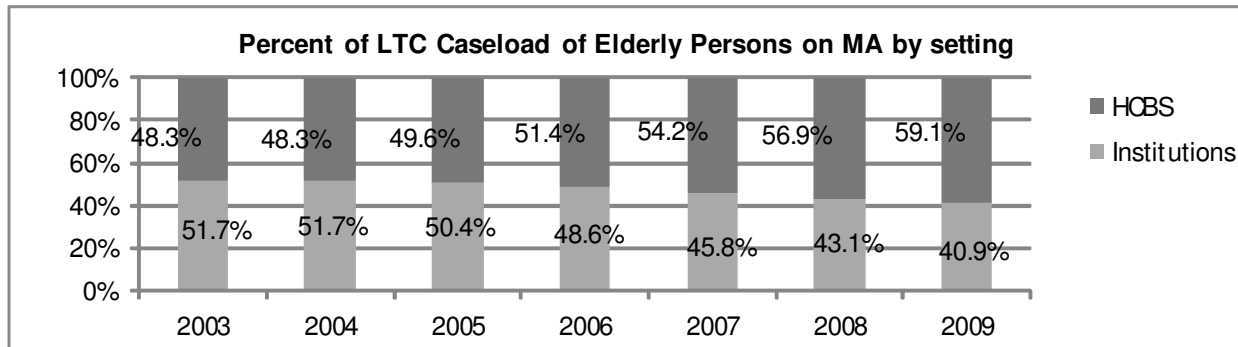
- **To manage an equitable and sustainable long-term care system that maximizes value.** Reduce the oversupply of nursing home beds while ensuring sufficient access to nursing home services in all regions of the state. Support policies that allow older Minnesotans and Minnesotans with disabilities to live in their homes as long as possible and use non-institutional settings when living in their residence is no longer possible.
- **To support and enhance quality of life for older people and people with disabilities.** Improve clinical quality of care and quality of life for nursing facility residents. These goals are derived from the Continuing Care Administration's mission, goals, and results statements.
 - **Percentage of elderly receiving publicly-funded long-term care that live in the community versus an institutional setting.** In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Managed Care, FFS Homecare for 65+, and Alternative Care Program.

HUMAN SERVICES DEPT

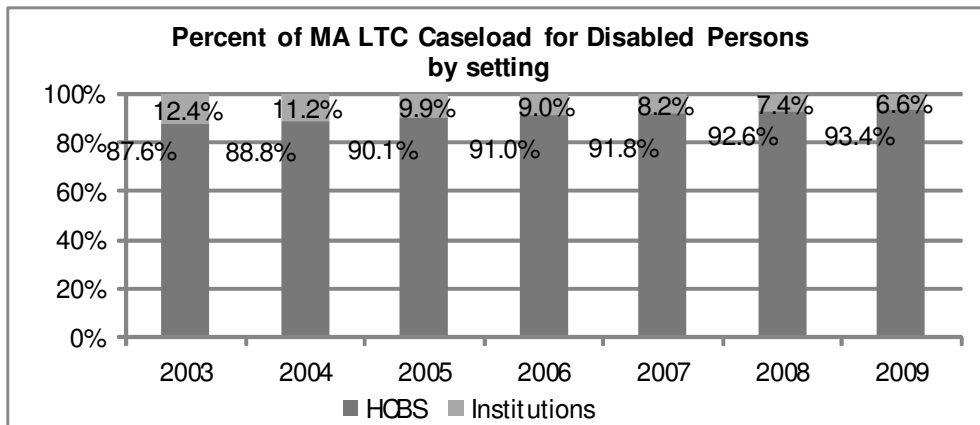
Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

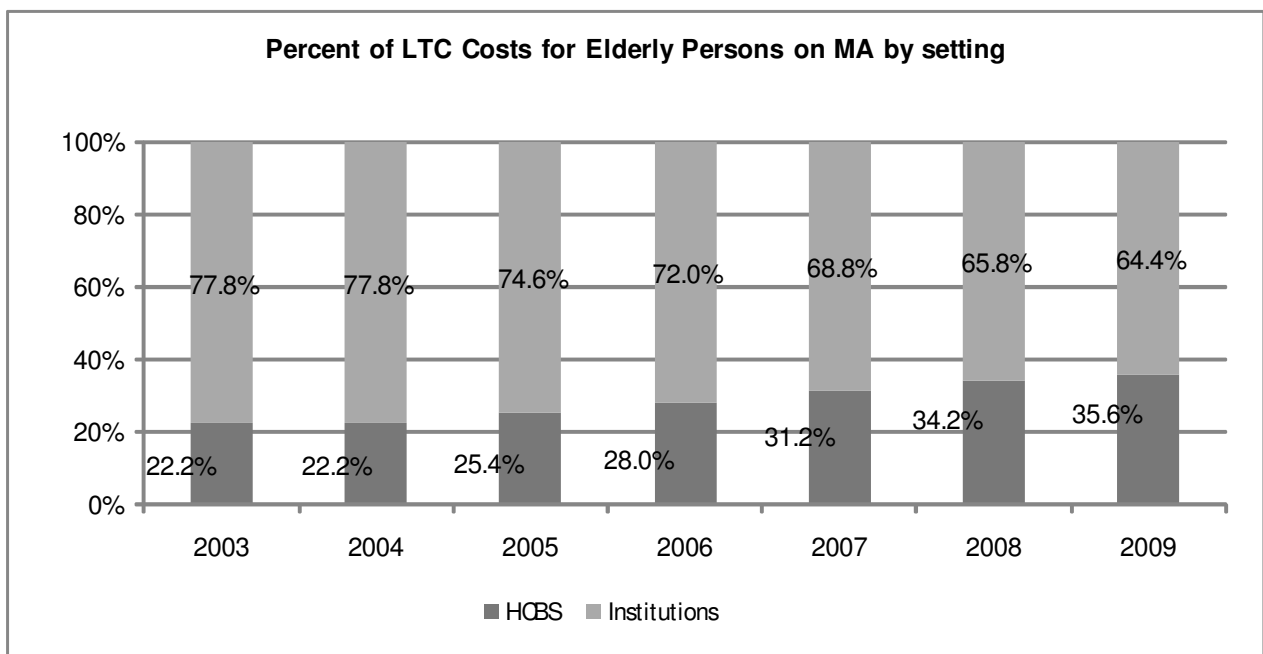
Narrative



- Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings. In the following chart, “HCBS” refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.



- Percentage of public long-term care dollars expended for the elderly in community versus institutional settings.** In the following chart, “HCBS” refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Managed Care, FFS Homecare for 65+ and Alternative Care Program.



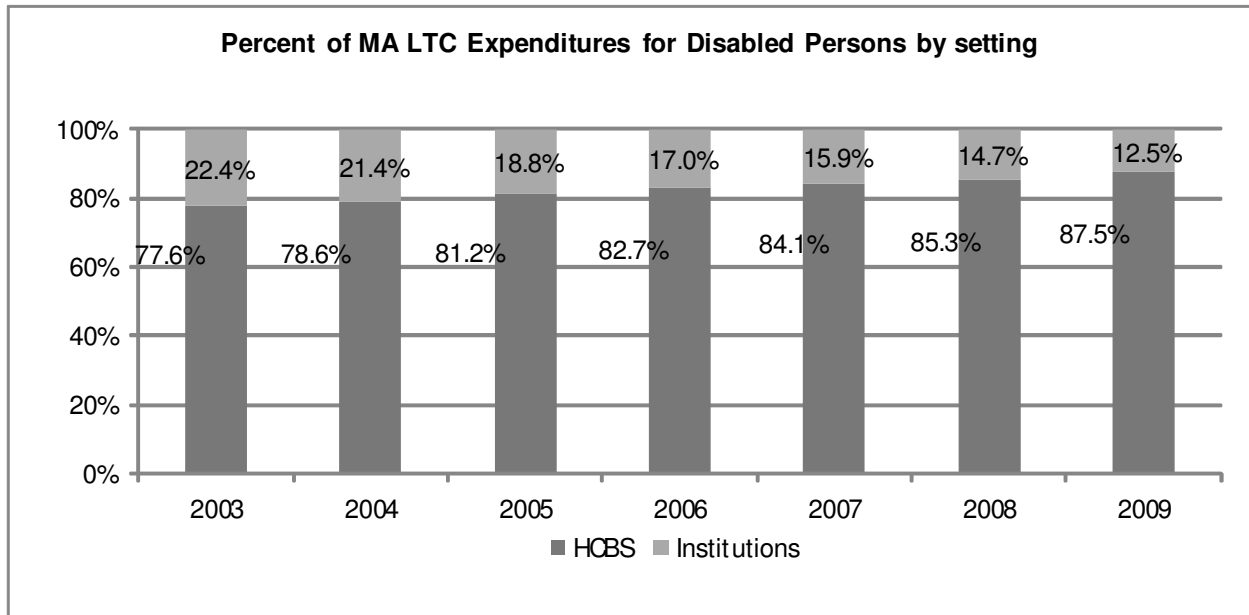
HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

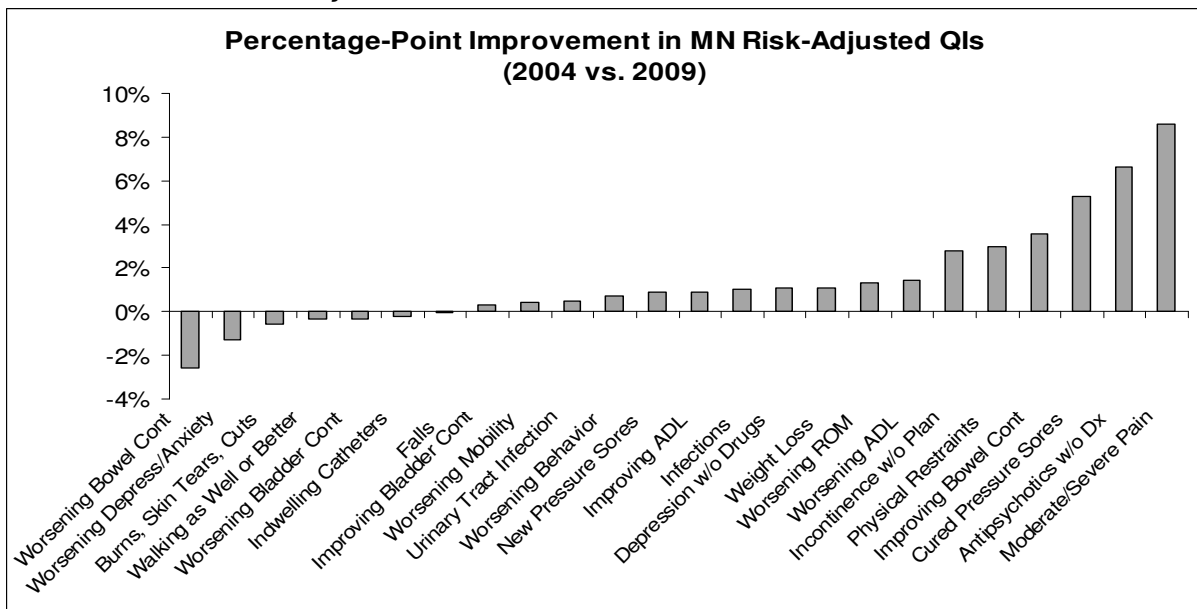
Narrative

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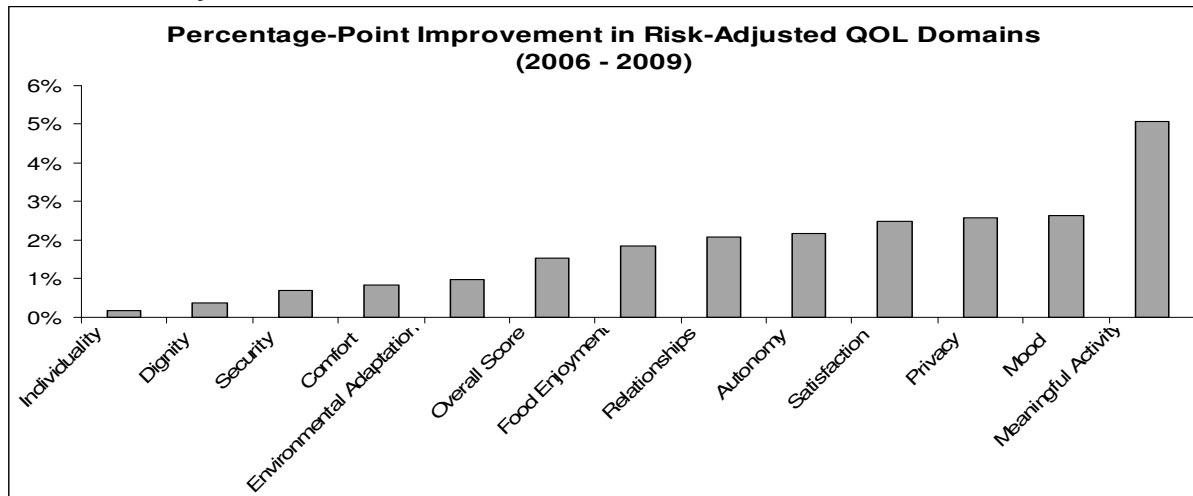
The above measures capture the extent to which the long-term care system is able to support the elderly and people with disabilities in the community and allow them to live independently.

Trend in Minnesota Quality Indicators



Every nursing home resident is assessed to determine the level of care they need. This assessment is known as the Minimum Data Set (MDS). The above quality indicators are derived from items in the MDS. The chart reports the change in the quality indicators from 2004 to 2009.

Trend in Quality of Life



Resident satisfaction/quality of life (QOL) ratings is a measure based on actual interviews of nursing home residents. A sample of residents in each home is interviewed on an annual basis. (Approximately 14,000 interviews statewide.) The above QOL ratings are derived from items in the MDS. The chart reports the change in the ratings from 2006 to 2009.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Contact

For more information on MA LTC Facility Grants, contact:

- Nursing Facilities Rates and Policy, (651) 431-2280
- Disabilities Services Division, (651) 431-2400.

Focus: MA LTC Waivers and Home Care

Medical Assistance (MA) Long-Term Care (LTC) waivers and home care pay for a collection of continuing care and health care-related support services that enable low-income Minnesotans, who are elderly or who have disabilities, to live as independently as possible in their communities. LTC waivers refer to home and community-based services available under a federal Medicaid waiver as an alternative to institutional care. Home care pays for personal care assistance, private duty nursing, home health aides, and skilled nursing, as well as physical, occupational, speech, and respiratory therapy.

Population Served

LTC waivers and home care serve MA-enrolled people of all ages, including infants and older adults. These programs serve an average of 69,157 people per month.

To receive LTC waivers, a person must be eligible for MA and would otherwise receive care in an institution. Each of the LTC waivers is targeted to a certain group of recipients. To participate, individuals must meet the specific eligibility criteria for that waiver. DHS administers five MA LTC waivers:

- *Community Alternative Care (CAC)*: The CAC waiver serves individuals who are chronically ill and need the level of care provided at a hospital. In FY 2009, the waiver served 300 recipients monthly at a cost of \$5,386 per month.
- *Community Alternatives for Disabled Individuals (CADI)*: The CADI waiver serves individuals who have a disability and require the level of care provided in a nursing home. In FY 2009, the waiver served 13,330 recipients monthly at a cost of \$2,294 per month.
- *Developmental Disabilities (DD)*: The DD waiver is for individuals with developmental disabilities who need the level of care provided at intermediate care facilities for people with mental retardation or related condition (ICF/DD). In FY 2009, the waiver served an average of 14,182 recipients monthly at a cost of \$5,671 per month.
- *Elderly Waiver (EW)*: The Elderly Waiver is for individuals who are over 65 years old and need the level of care provided at a nursing facility. In 2009, the waiver served 2,764 recipients monthly at a cost of \$1,521 per month and 16,889 managed care recipients monthly at a cost of \$1,146 per month.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative

- *Traumatic Brain Injury (TBI)¹*: The TBI waiver is for individuals with a traumatic or acquired brain injury who need the level of care provided in a nursing facility or neurobehavioral hospital. In FY 2009, the waiver served 1,357 recipients monthly at a cost of \$5,890 per month.

Services Provided

LTC waivers, which are also known as home and community-based waiver programs, provide a variety of services that help people live in the community instead of going into or staying in an institutional setting. Waivers can offer in-home, residential, medical, and behavioral supports; customized day services, including employment supports; Consumer-Directed Community Supports (CDCS); transitional services when leaving an institution; transportation; home modifications; case management; caregiver supports; and other goods and services based upon the assessed needs of the person.

Home care includes a range of medical care and support services provided in a person's home and community. MA home care services are authorized based on medical necessity. MA home care services include assessments; home health aide visits; nurse visits; private duty nursing services; personal care services; occupational, physical, speech, and respiratory therapies; and medical supplies and equipment.

Historical Perspective

Home and community-based waivers were established under section 1915 of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of home and community-based services to people who may otherwise be institutionalized.

In 1999, the United States Supreme Court in *Olmstead v. L. C.* clarified that Title II of the Americans with Disabilities Act (ADA) includes supporting people in the most integrated settings possible. The decision applies to people of any age who have a disability, including mental illness. During 2007, CADI and TBI waivers helped 12,900 individuals either to relocate from an institution to the community or to remain in their homes or communities with support services. This number includes almost 5,200 individuals with a mental health diagnosis who might otherwise receive supports in an institution. Also in 1999, the legislature required the state to increase the DD waiver caseload until all forecasted funds appropriated to the waiver were expended. In accordance with this legislation, the state allowed "open enrollment" for a three-month period in FY 2001. Over 5,000 recipients were added to the program during the open enrollment period.

In 2003, the legislature required a phase-in of Elderly Waiver services and 180 days of nursing facility care to the basic Medicaid managed care package. The resulting product for seniors is named Minnesota Senior Care Plus.

In 2004, the federal Centers for Medicare and Medicaid Services (CMS) approved statewide expansion of Minnesota Senior Health Options (MSHO). MSHO, which has been operating in Minnesota since 1997, is a voluntary alternative for dual eligible seniors ages 65 and older. MSHO plans assume full risk for both Medicare and Medicaid services: primary, acute, and long-term care (including 180 days of nursing home care); the full menu of EW services in the community; and more recently the Medicare Part D drug benefit. As of June 2009, 86% of EW recipients are receiving services through MSHO or Minnesota Senior Care Plus, both of which are managed by health plans. Fee-for-services EW services, which are managed by the counties, comprise 14% of EW clients.

Consumer-Directed Community Supports (CDCS) is a waiver service that provides Minnesotans increased flexibility in determining and designing supports that best meet their needs. In March 2004, the Centers for Medicare and Medicaid Services approved the CDCS service for all LTC waivers. Implementation in all Minnesota counties began in April 2005.

The 2006 legislature provided additional CADI and TBI slots for eligible individuals who were receiving personal care assistance services from a provider who was billing for a service delivery model other than individual or shared care on 3-1-06. With this legislation, 114 individuals moved from using PCA services to either the CADI or TBI waiver.

The 2009 legislature passed a moratorium on the licensure of child and adult corporate foster care, in an effort to limit the growth of the most expensive model of residential services and provide an opportunity to expand less costly, more independent options. The 2009 legislature also passed reform of home care services, which included

¹ The department is in the process of changing the name of this waiver to the Brain Injury waiver.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

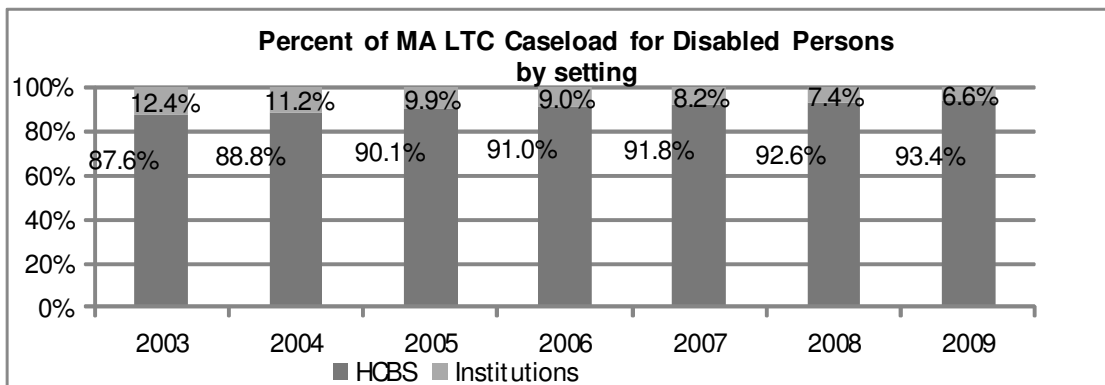
Activity: MEDICAL ASSISTANCE GRANTS

Narrative

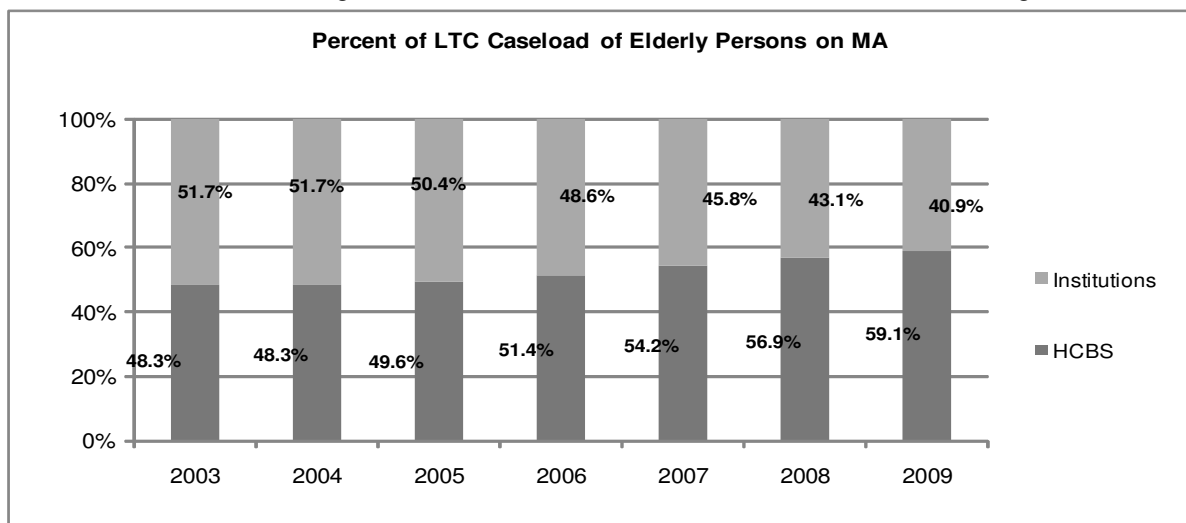
changes to improve consumer protection and assure consumer health and safety, increase accountability, strengthen provider standards, and simplify and clarify requirements.

Key Activity Goals & Measures

- The Continuing Care Administration strives to improve the dignity, health, and independence of the people it serves.** By doing so, Minnesotans will live as independently as possible, enjoy health, with quality access to health care; have safe, affordable places to live; be contributing and valued members of their communities; and participate in rewarding daily activities, including gainful employment. This goal is derived from the Continuing Care Administration's mission and vision statements.
- Support and enhance the quality of life for older people and people with disabilities.** Minnesota's long-term care service programs support older people and people with disabilities who do not have the resources to meet their own needs. These supports keep people safe and healthy so they can have a good quality of life and live with dignity. This goal is from the Continuing Care Administration's Strategic Plan.
- Improve home and community-based services for the elderly and people with disabilities by establishing and using provider performance measures and standards.** Efforts in this area include integration of all quality activities statewide into a comprehensive quality system for home and community-based services. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
 - Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings.** In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.



- Percentage of elderly receiving publicly-funded long-term care that live in the community versus an institutional setting.** In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Managed Care, FFS Homecare for 65+ and Alternative Care Program.



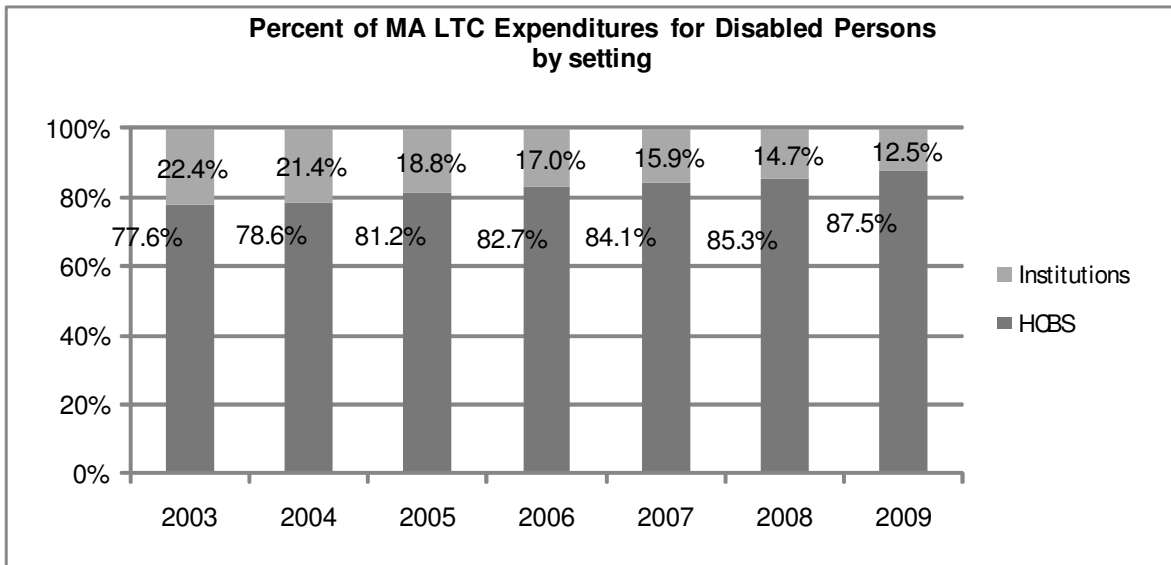
HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

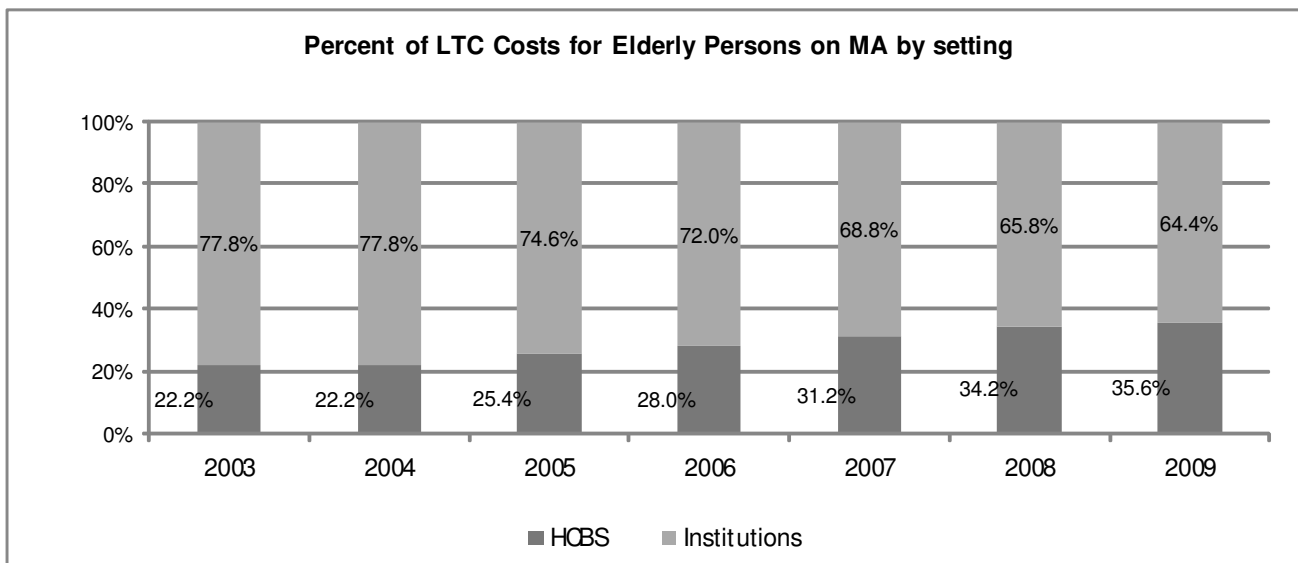
Activity: MEDICAL ASSISTANCE GRANTS

Narrative

- Percentage of public long-term care dollars expended in community versus institutional settings for people with disabilities. In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.



- Percentage of public long-term care dollars expended for elderly in community versus institutional settings. In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Managed Care, FFS Homecare for 65+ and Alternative Care Program.



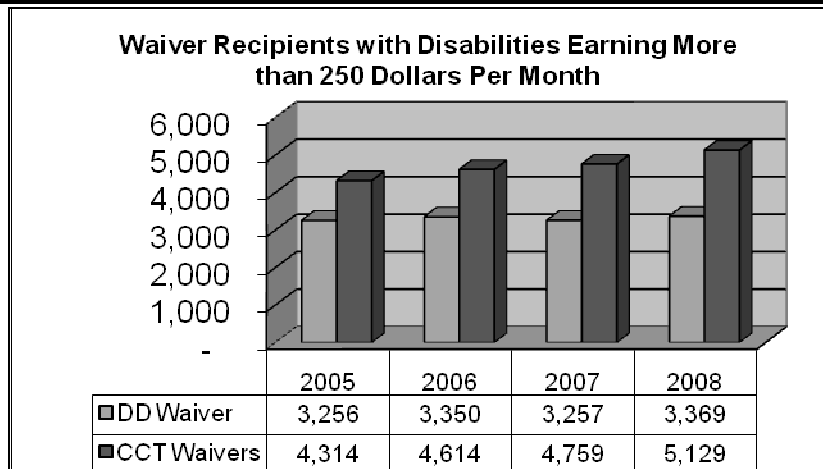
- Percentage of people with disabilities receiving CAC, CADI, TBI, and DD services who are working age and earning at least \$250 per month.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Narrative



Working age means 22-64 years old. "CCT recipients" are persons on the CADI, CAC, or TBI waiver programs. In 2008, there were 16,975 CCT waiver recipients, with 5,129 recipients earning more than \$250 per month. "DD recipients" are persons on the DD Waiver. For 2008, there were 16,645 DD Waiver recipients with 3,369 recipients earning more than \$250 per month.

Each of these measures captures the extent to which the long-term care system is able to support people with disabilities in the community and allow them to live independently.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Contact

For more information on MA LTC Waivers and Home Care Grants, contact:

- Disability Services Division, (651) 431-2400
- Aging and Adult Services Division, (651) 431-2600

Information on DHS programs is on the department's Web-site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,833,840	3,542,232	3,542,232	3,542,232	7,084,464
Technical Adjustments					
Current Law Base Change			1,249,737	1,586,359	2,836,096
November Forecast Adjustment		(238,765)	(103,252)	(88,244)	(191,496)
Subtotal - Forecast Base	2,833,840	3,303,467	4,688,717	5,040,347	9,729,064
Governor's Recommendations					
Eliminate Delayed 1% DD Waiver Acuity		0	(4,481)	(4,481)	(8,962)
Managing Elderly Waiver & AC Programs		0	(12,035)	(13,475)	(25,510)
Low Needs NF Case Mix		0	(8,624)	(9,081)	(17,705)
Reduce Certain Congregate Living Rates		0	(5,382)	(8,073)	(13,455)
Disability Waiver Enrollment Limits		0	(12,890)	(32,873)	(45,763)
Separate EW and NF Rates		0	(238)	(1,001)	(1,239)
Reduce Provider Rates & Grants		0	(64,254)	(72,958)	(137,212)
Modify Non-Rate Payments		0	(7,929)	(8,883)	(16,812)
NF and ICF/MR Surcharges		0	11,629	12,486	24,115
Coverage for Dental Therapists		0	31	89	120
Managed Care Reforms		0	(18,522)	(72,006)	(90,528)
Evidence-Based Childbirth Program		0	(481)	(962)	(1,443)
Rehab Service Coverage & PA Changes		0	(642)	(1,169)	(1,811)
Modify Communication Device Pricing		0	(124)	(191)	(315)
Modify Pharmacy Reimbursement Method		0	(685)	(722)	(1,407)
Critical Access Dental Payments		0	(2,128)	(3,123)	(5,251)
Payment of Medicare Crossover Claims		0	(10,829)	(32,296)	(43,125)
Suspend Managed Care Incentive		0	(645)	(645)	(1,290)
Payments					
Reduce Basic Care Rates		0	(1,011)	(1,446)	(2,457)
Reduce Rates for Transportation Services		0	(1,651)	(2,458)	(4,109)
Maintain Child & Teen Check-up Rates		0	(130)	(265)	(395)
Delay Inpatient Hospital Rebasing		0	0	(99,041)	(99,041)
Reduce PMAP MERC Funding		0	(12,808)	(12,808)	(25,616)
MA Hospital Surcharge and Payment		0	61,942	61,495	123,437
Rates					
Managed Care Surcharge & Payment		0	35,270	67,620	102,890
Rates					
Federal Compliance: Eligibility Changes		0	20,117	43,262	63,379
Total	2,833,840	3,303,467	4,652,217	4,847,342	9,499,559
Health Care Access					
Current Appropriation	0	0	0	0	0
Technical Adjustments					
Current Law Base Change			3,184	6,993	10,177
November Forecast Adjustment		0	(259)	(427)	(686)
Subtotal - Forecast Base	0	0	2,925	6,566	9,491
Governor's Recommendations					
Repeal Unapproved MA Bridge Program		0	(2,925)	(6,566)	(9,491)
Total	0	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					

HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

Activity: MEDICAL ASSISTANCE GRANTS

Budget Activity Summary

	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
General	2,738,134	3,308,434	4,670,260	4,863,888	9,534,148
Statutory Appropriations					
General	6,659	0	0	0	0
Miscellaneous Special Revenue	66,698	39,531	35,107	34,772	69,879
Federal	3,729,870	3,758,745	4,261,681	4,501,192	8,762,873
Federal Stimulus	849,590	802,000	0	0	0
Total	7,390,951	7,908,710	8,967,048	9,399,852	18,366,900
<u>Expenditures by Category</u>					
Other Operating Expenses	17	0	0	0	0
Payments To Individuals	7,376,582	7,895,710	8,954,048	9,386,852	18,340,900
Local Assistance	14,352	13,000	13,000	13,000	26,000
Total	7,390,951	7,908,710	8,967,048	9,399,852	18,366,900

Activity at a Glance

- Pays for in-home, community-based services for low-income elderly Minnesotans.
- Helps adults 65 years and older stay in their own homes longer by providing an alternative to nursing home care.
- In FY 2009, an average of 3,321 persons per month received services.
- In FY2009, Alternative Care cost an average of \$764 per person per month. This compares to \$4,890 for all payer types per person in a nursing facility.

Activity Description

Alternative Care (AC) is a state-funded program. It pays for at-home care and community-based services for older adults who are at risk of becoming eligible for Medical Assistance (MA) nursing facility care within four-and-one-half months. It provides eligible older adults with in-home and community-based services and supports similar to federally-funded home and community-based programs.

Population Served

To be eligible for AC, a person must be age 65 or older, assessed as needing nursing facility level of care, and have income and assets inadequate to fund nursing facility care for more than 135 days. The person must also be capable of paying a monthly program participation fee and have needs that can be met within available resources.

In FY 2009, the AC program provided services for an average of 3,321 elderly persons per month at a cost of \$764 per person. Comparatively, the average monthly cost of nursing facility care during the same time period was \$4,890 per month for all payer types.

Services Provided

Alternative Care provides funding for:

- respite care, both in-home and at approved facilities, to provide a break for caregivers;
- case management to ensure that program access and services planned, authorized, and provided are appropriate;
- adult day care;
- personal care services to assist with activities of daily living;
- homemaker services;
- companion service;
- caregiver training and education to provide caregivers with the knowledge and support necessary to care for an elderly person;
- chore services to provide assistance with heavy household tasks such as snow shoveling;
- home health nursing and aide services;
- transportation to AC-related services and community activities;
- nutrition services;
- AC service-related supplies and equipment;
- tele-homecare services; and
- other authorized consumer-directed services and discretionary services that are part of the person's plan of care.

Historical Perspective

The AC program was implemented in 1981. Its purpose is to provide low-income (but not yet MA eligible) older adults at risk of nursing facility placement with in-home and community-based services to help them remain at home. Funding is allocated to local lead agencies (counties and tribes) to provide services under individual service plans. The local agencies are responsible for managing their allocations to serve eligible persons by contracting out to providers.

There were three major legislative changes made to the program effective August 2005 and January 2006 resulting in a nearly 30% caseload reduction during FY 2006. The changes eliminated assisted living, adult foster care, and residential services from the AC service menu, invoked real estate liens, and reduced financial program eligibility criteria. Since 2003 the number of AC participants has steadily declined. Only recently has the participation in AC gradually begun to increase.

Key Activity Goals & Measures

- Older Minnesotans will receive the long-term care services they need in their homes and communities, will be able to choose how they receive services, and will have more options for using their personal resources to pay for long-term care.
- People in need will receive support that helps them live as independently as they can. This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>). Funds for Alternative Care grants increase the availability of non-institutional service options for very low income, older persons and their families. The recent legislative changes have ensured that these persons are supported to remain in their own homes.

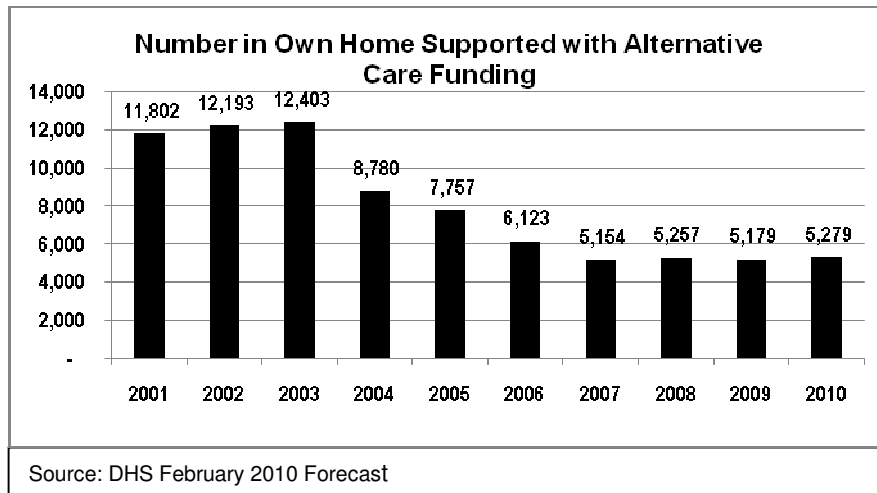
HUMAN SERVICES DEPT

Program: FORECASTED PROGRAMS

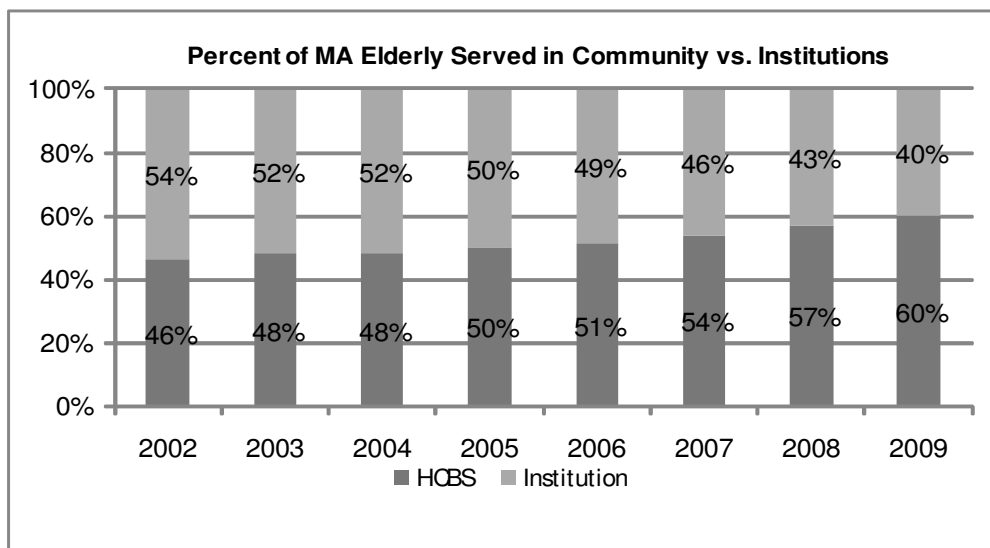
Activity: ALTERNATIVE CARE GRANTS

Narrative

- Number of low-income people (who are not eligible for Medical Assistance) supported through a state-only funding source so that they can remain in their own homes. From 2001 to 2010, the number of AC recipients declined 55%; 30% was due to instituting liens and estate recovery in 2003 and the rest was due to elimination of assisted living, adult foster care, and residential services in 2006. During this time, the number of Elderly Waiver participants more than doubled. The number of recipients has begun to slowly increase in the past fiscal year.



Proportion of elders served in institutional vs. community settings.



“HCBS” refers to Alternative Care and other home- and community-based services. The percent in HCBS increased from 2002 to 2009, while the percent in institutions decreased.

For more information on DHS performance measures, see:
<http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Alternative Care Grants is funded with appropriations from the General Fund and with enrollee premiums.

Contact

For more information on Alternative Care grants, contact the Aging and Adult Services Division at (651) 431-2600. Information on DHS programs is on the department’s website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: FORECASTED PROGRAMS
 Activity: ALTERNATIVE CARE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	50,234	48,576	48,576	48,576	97,152
Technical Adjustments					
Current Law Base Change			(3,598)	(3,470)	(7,068)
Subtotal - Forecast Base	50,234	48,576	44,978	45,106	90,084
Governor's Recommendations					
Managing Elderly Waiver & AC Programs		0	(348)	(417)	(765)
Reduce Provider Rates & Grants		0	(1,295)	(1,486)	(2,781)
Federal Compliance: Eligibility Changes		0	2,223	2,349	4,572
Total	50,234	48,576	45,558	45,552	91,110
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	27,848	26,889	27,515	29,006	56,521
Statutory Appropriations					
Miscellaneous Special Revenue	2,296	2,215	2,012	2,032	4,044
Total	30,144	29,104	29,527	31,038	60,565
<u>Expenditures by Category</u>					
Payments To Individuals	30,144	29,104	29,527	31,038	60,565
Total	30,144	29,104	29,527	31,038	60,565

Activity at a Glance

- Provided placement in addiction treatment services for 27,100 placements in FY 2009.
- Average cost per admission is \$3,800.
- 353 treatment programs participate in the CCDTF.
- Approximately 50% of all treatment admissions in the state are paid for by the CCDTF.
- The number of treatment admissions decreased by an average of 1.4% per year during CY 2007-2009 due in part to episode definition.

Activity Description

Chemical Dependency Entitlement Grants provides treatment to eligible people who have been assessed as in need of treatment for chemical abuse or dependency. This activity is administered through the Consolidated Chemical Dependency Treatment Fund (CCDTF).

Population Served

Chemical dependency (CD) treatment services are provided to anyone who is found by an assessment establishing clinical eligibility to be in need of care and is financially eligible, unless the needed services are to be provided by a managed care organization in which the person is enrolled.

CCDTF entitled eligible individuals are people who are enrolled in Medical Assistance (MA) or General Assistance Medical Care (GAMC), receive Minnesota Supplemental Assistance (MSA), or meet the MA, GAMC, or MSA income limits (100% of federal poverty guidelines).

Services Provided

For those people who meet financial and clinical eligibility, the CCDTF provides residential and outpatient addiction treatment services.

Approximately 50% of all state treatment admissions for Minnesota residents are paid for through the CCDTF. The local county social service agency or American Indian tribal entity assesses a person's need for chemical dependency treatment. A treatment authorization is made based on uniform statewide assessment and placement criteria outlined in the Department of Human Services (DHS) Rule 25 (M.R. parts 9580.6300 to 9530.7030). Almost all treatment providers in the state accept CCDTF clients.

Under the Prepaid Medical Assistance Program (PMAP), primary inpatient and outpatient chemical dependency treatment are covered services. For PMAP recipients, CCDTF payments are limited to halfway house placements and extended care treatments, which are not otherwise included in managed care contracts.

Eligible patients enrolled in prepaid health plans receive the same services as CCDTF patients.

Under a new assessment standard implemented in January 2008, individuals are assessed according to a uniform, standardized assessment tool that applies criteria derived by the American Society of Addiction Medicine. This change resulted in longer continuous treatment episodes with less discharge and readmission to other levels of care, which in turn has resulted in a decrease in overall placements.

Historical Perspective

The CCDTF was implemented in 1988 to consolidate a variety of funding sources for chemical dependency treatment services for low-income, chemically-dependent Minnesota residents. The CCDTF combines previously separated funding sources – MA, GAMC, General Assistance, state appropriations, and federal block grants - into a single fund with a common set of eligibility criteria. Counties pay 16.14% of CD treatment costs.

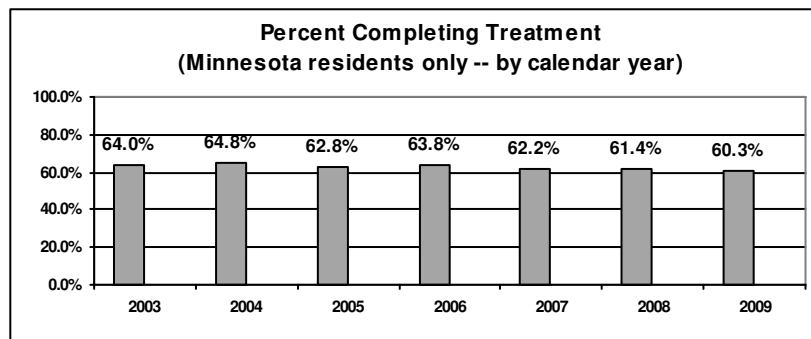
The CCDTF has three tiers of eligibility. Tier I is funded through this CD Entitlement Grants budget activity. Tier II includes people who are not eligible for Medical Assistance (MA) or General Assistance Medical Care (GAMC), do not receive Minnesota Supplemental Assistance (MSA), but whose income does not exceed 215% of federal poverty guidelines.

CD Non-entitlement Grants historically funded Tier II and Tier III of the Consolidated Chemical Dependency Treatment Fund (CCDTF), which provided treatment services for low-income individuals not eligible for entitlement-based treatment. Tier II was last funded in 2003. Tier III was last funded in 1990.

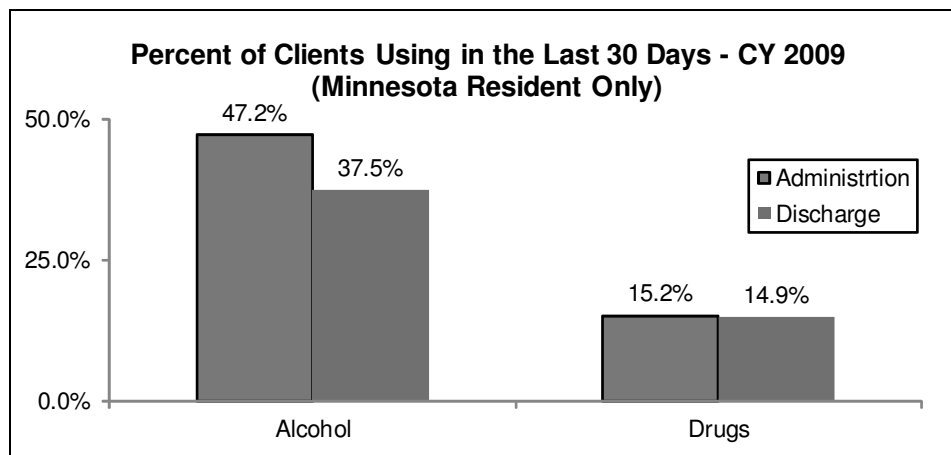
Key Program Goals & Measures

- Develop effective and accountable chemical health systems.** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical dependency treatment and prevention, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

 - Percentage of clients completing chemical dependency treatment.** Treatment completion has been found to be a strong indicator of continued sobriety after treatment. The DHS Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission's funding source. Below are completion results of all statewide treatment admissions for CY 2003-09.



- Percentage of CD clients using alcohol or illicit drugs in the previous 30 days – at admission and discharge (2007).**



This chart reflects the positive effects of treatment in terms of reducing drug and alcohol use.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Chemical Dependency Entitlement Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on CD Entitlement Grants, contact the Chemical Health Division, (651) 431-2460

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: FORECASTED PROGRAMS
 Activity: CD ENTITLEMENT GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	87,570	93,836	93,836	93,836	187,672
Technical Adjustments					
Current Law Base Change			9,563	16,754	26,317
November Forecast Adjustment		8,824	138	5,608	5,746
Subtotal - Forecast Base	87,570	102,660	103,537	116,198	219,735
Governor's Recommendations					
Tighten CD Tx Placement Criteria		0	(3,653)	(5,414)	(9,067)
County Share of CD Treatment Costs		0	(4,494)	(4,991)	(9,485)
Total	87,570	102,660	95,390	105,793	201,183
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	0	0	95,390	105,793	201,183
Statutory Appropriations					
Miscellaneous Special Revenue	129,607	144,321	42,597	45,582	88,179
Total	129,607	144,321	137,987	151,375	289,362
<u>Expenditures by Category</u>					
Payments To Individuals	127,101	141,470	134,879	147,981	282,860
Local Assistance	2,506	2,851	3,108	3,394	6,502
Total	129,607	144,321	137,987	151,375	289,362

Program Description

The purpose of Grant Programs is to include all programs provide services but are not entitlement programs.

Grants Programs includes activities related to child care, child support, refugee services, health care, and chemical and mental health. These grants support services to children, youth, adults, people living with disabilities, mental health problems, and addictions.

Budget Activities

This program includes the following budget activities:

- Support Services Grants
- BSF Child Care Assistance Grants
- Child Care Development Grants
- Child Support Enforcement Grants
- Children's Services Grants
- Children & Community Services Grants
- Children & Economic Support Assistance Grants
- Refugee Services Grants
- Health Care Grants
- Aging & Adult Services Grants
- Deaf & Hard of Hearing Grants
- Disabilities Grants
- Adult Mental Health Grants
- Children's Mental Health Grants
- CH Non-entitlement Grants

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	287,524	283,573	283,273	283,273	566,546
Technical Adjustments					
Approved Transfer Between Appr			(150)	(150)	(300)
Current Law Base Change			42,755	44,110	86,865
Transfers Between Agencies			119	119	238
Subtotal - Forecast Base	287,524	283,573	325,997	327,352	653,349
Governor's Recommendations					
Adoption / Relative Custody Assistance		0	5,770	7,029	12,799
Fund Growth for Mn Food Assistance Prog		0	333	408	741
CCSA for Vulnerable Children & Adults		0	(10,000)	(12,000)	(22,000)
Reduce MFIP Consolidated Fund		0	(14,000)	(14,000)	(28,000)
End Child Support Incentive Grant		0	(3,355)	(3,355)	(6,710)
End State Community Action Grants		0	(3,900)	(3,900)	(7,800)
End State FAIM Grants		0	(492)	0	(492)
Child Care Assistance Program Changes		0	(413)	(2,686)	(3,099)
BSF Child Care Assistance Underspending		0	(5,000)	0	(5,000)
Match Supportive Services Expenditures		0	(500)	(500)	(1,000)
Aging Grant Reduction		0	(3,600)	(3,600)	(7,200)
Low Needs NF Case Mix		0	100	100	200
Reduce Certain Congregate Living Rates		0	250	250	500
Reduce Provider Rates & Grants		0	(2,286)	(2,552)	(4,838)
Federal Compliance: Eligibility Changes		0	(6,410)	(7,279)	(13,689)
Total	287,524	283,573	282,494	285,267	567,761
Health Care Access					
Current Appropriation	24,283	830	830	830	1,660
Technical Adjustments					
Current Law Base Change			110	110	220
Subtotal - Forecast Base	24,283	830	940	940	1,880
Total	24,283	830	940	940	1,880
Federal Tanf					
Current Appropriation	116,897	107,597	107,597	107,597	215,194
Technical Adjustments					
Current Law Base Change			(2,846)	(2,846)	(5,692)
Subtotal - Forecast Base	116,897	107,597	104,751	104,751	209,502
Total	116,897	107,597	104,751	104,751	209,502
Lottery Cash Flow					
Current Appropriation	1,428	1,429	1,429	1,429	2,858
Technical Adjustments					
Current Law Base Change			79	79	158
Subtotal - Forecast Base	1,428	1,429	1,508	1,508	3,016
Total	1,428	1,429	1,508	1,508	3,016

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	296,606	301,132	282,494	285,267	567,761
Health Care Access	6,940	17,746	940	940	1,880
Federal Tanf	116,832	107,597	104,751	104,751	209,502
Lottery Cash Flow	1,427	1,430	1,508	1,508	3,016
Statutory Appropriations					
Miscellaneous Special Revenue	109,782	54,457	45,451	44,628	90,079
Federal	554,736	561,067	569,195	560,449	1,129,644
Federal Stimulus	102,976	43,446	9,735	2,600	12,335
Gift	18	25	25	4	29
Total	1,189,317	1,086,900	1,014,099	1,000,147	2,014,246
<u>Expenditures by Category</u>					
Total Compensation	30	0	0	0	0
Other Operating Expenses	8,899	7,295	2,834	2,027	4,861
Payments To Individuals	694,382	538,948	493,792	496,370	990,162
Local Assistance	485,649	539,907	516,723	501,000	1,017,723
Other Financial Transactions	357	750	750	750	1,500
Total	1,189,317	1,086,900	1,014,099	1,000,147	2,014,246
<u>Expenditures by Activity</u>					
Support Services Grants	134,301	140,570	105,274	99,360	204,634
Bsf Child Care Assist Grants	88,638	62,560	92,661	90,388	183,049
Child Care Development Grants	13,071	12,982	10,503	10,503	21,006
Child Support Enforcement Gr	2,025	4,245	1,664	1,664	3,328
Children'S Services Grants	93,117	98,450	91,002	90,434	181,436
Children & Community Services	83,417	81,705	86,576	84,576	171,152
Children & Economic Support Gr	470,064	409,300	388,667	388,743	777,410
Refugee Services Grants	11,753	15,518	9,137	7,337	16,474
Health Care Grants	104,094	56,633	37,843	38,431	76,274
Aging & Adult Services Grants	31,715	33,303	33,585	31,811	65,396
Deaf & Hard Of Hearing Grants	2,018	1,873	2,176	2,007	4,183
Disabilities Grants	41,692	47,448	35,304	35,187	70,491
Adult Mental Health Grants	78,456	83,038	85,853	85,853	171,706
Children'S Mental Health Gr	17,761	17,504	16,682	16,682	33,364
Cd Non-Entitlement Grants	17,195	21,771	17,172	17,171	34,343
Total	1,189,317	1,086,900	1,014,099	1,000,147	2,014,246

Activity at a Glance

- Provides MFIP employment services to 6,400 people per month.
- Provides Food Support employment services to over 300 people per month.

Activity Description

Support Services Grants provides employment, education, training, and other support services to help low-income families and people avoid or end public assistance dependency. These grants also fund a portion of county administration for the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), and Work Benefit Program.

Population Served

This activity serves two core groups

- participants in MFIP, DWP, and the Work Benefit program and
- recipients of Supplemental Nutrition Assistance Program benefits (formerly “food stamps”), known in Minnesota as Food Support, through the Food Support Employment and Training (FSET) program.

Services Provided

Support Services Grants includes MFIP Consolidated Funds, which are allocated to counties and tribes, and FSET funding. This activity includes work programs provided by the Workforce Centers overseen by the Minnesota Department of Employment and Economic Development (DEED), as well as counties, tribes, and non-profit organizations. These employment service providers work with county agencies to evaluate the needs of each participant and develop individualized employment plans.

County and local employment service programs provide or, if appropriate, refer participants to services including

- job search, job counseling, job interview skills, skill development, and supported work activities;
- adult basic education, high school completion classes, and general equivalency diploma (GED)/high school equivalency coaching;
- short-term training and post-secondary education of no more than 24 months;
- English proficiency training and functional work literacy;
- county programs that help low-income families with housing, utilities, and other emergency needs; and
- assistance accessing other services, such as child care, medical benefits programs, and chemical dependency and mental health services.

Historical Perspective

The 2003 legislature created the MFIP Consolidated Fund, combining funding for a number of support services programs for MFIP participants. The MFIP Consolidated Fund allows counties and tribes to continue successful approaches to moving MFIP families to work. A number of separate programs, including Emergency Assistance for families, were repealed. Service agreements for each county set outcomes, which include county performance measures. The 2007 and 2008 Legislatures appropriated additional funding for Integrated Services Projects (ISP) and supported work grants to counties and tribes to provide a continuum of employment assistance to MFIP participants. Funding for the ISPs was discontinued as of 12-31-09, but additional supported work funds were appropriated.

Key Activity Goals & Measures

- **Ensure all Minnesotans will have the economic means to maintain a reasonable standard of living.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** Support Services grants assist MFIP and DWP participants to meet their families' immediate needs and achieve long-term economic stability through work. This goal is from the Minnesota Department of Human Services' *Priority Plans*. (<http://edocs.dhs.state.mn.us/lfs/legacy/legacy/DHS-4694-ENG>).
- **Reduce disparities in service access and outcomes for racial and ethnic populations.** Funds support projects that serve families with multiple barriers, including many African American and American Indian participants. This goal also is from DHS' *Priority Plans*. (<http://edocs.dhs.state.mn.us/lfs/legacy/legacy/DHS-5267-ENG>).

HUMAN SERVICES DEPT

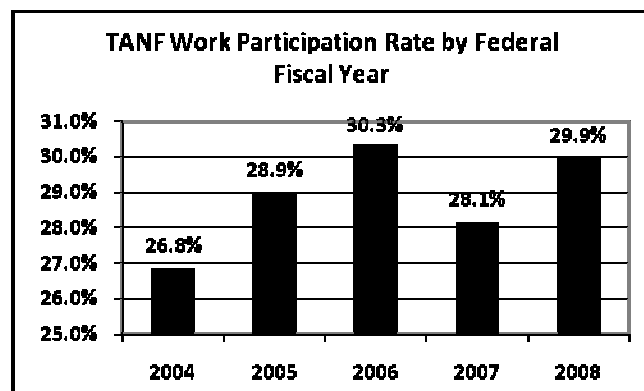
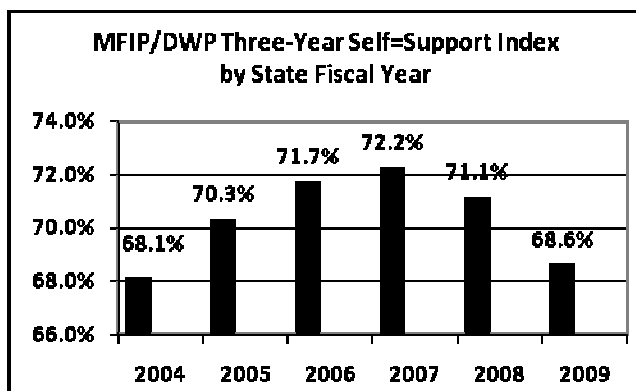
Program: GRANT PROGRAMS

Activity: SUPPORT SERVICES GRANTS

Narrative

Key measures are

- **Percentage of adults working 30 or more hours or off MFIP three years after a baseline reporting period (MFIP Self-Support Index).** The MFIP Self-Support Index is a performance measure that tracks whether or not adults in MFIP are either: 1) working an average of 30 or more hours per week or 2) no longer receiving MFIP cash payments three years after a baseline measurement quarter. Participants who leave MFIP due to the 60-month time limit are not counted as meeting the criteria for success on this measure unless they are working 30 or more hours per week or qualified for Social Security disability payments before they reached the time limit.
- **Percentage of MFIP adults participating in work activities for specified hours per week. (TANF Work Participation Rate).** The TANF Work Participation Rate (WPR) is the percentage of MFIP cases in which the parent is fully engaged in employment or employment-related activities (according to federal TANF program rules, usually 130 hours per month). The TANF WPR is determined by the federal government based on monthly program data for the federal fiscal year. (Data for FFY 2009 have not yet been released.)



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>

Activity Funding

Support Services Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on Support Services Grants, contact the Transition to Economic Stability Division (651) 431-4000.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn>.

HUMAN SERVICES DEPT
Program: GRANT PROGRAMS
 Activity: SUPPORT SERVICES GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	8,715	12,498	12,498	12,498	24,996
Technical Adjustments					
Current Law Base Change			(3,783)	(3,783)	(7,566)
Subtotal - Forecast Base	8,715	12,498	8,715	8,715	17,430
Governor's Recommendations					
Reduce MFIP Consolidated Fund		0	(14,000)	(14,000)	(28,000)
Total	8,715	12,498	(5,285)	(5,285)	(10,570)
Federal Tanf					
Current Appropriation	116,557	107,457	107,457	107,457	214,914
Technical Adjustments					
Current Law Base Change			(2,846)	(2,846)	(5,692)
Subtotal - Forecast Base	116,557	107,457	104,611	104,611	209,222
Total	116,557	107,457	104,611	104,611	209,222
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	8,685	12,498	-5,285	-5,285	-10,570
Federal Tanf	116,692	107,457	104,611	104,611	209,222
Statutory Appropriations					
Federal	7	34	34	34	68
Federal Stimulus	8,917	20,581	5,914	0	5,914
Total	134,301	140,570	105,274	99,360	204,634
<u>Expenditures by Category</u>					
Other Operating Expenses	2,417	3,800	0	0	0
Payments To Individuals	33,249	47,054	16,790	16,790	33,580
Local Assistance	98,635	89,716	88,484	82,570	171,054
Total	134,301	140,570	105,274	99,360	204,634

Activity at a Glance

- Purchases child care for 15,900 children in 9,100 families each month.

Activity Description

Basic Sliding Fee (BSF) Child Care Assistance Grants provides financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment and so that children are well-cared for and ready to learn. This program is supervised by the Minnesota Department of Human Services and administered by county social services agencies.

Population Served

Eligible low-income families who are not connected to the Minnesota Family Investment Program (MFIP) or the Diversionary Work Program (DWP) are served through the BSF child care program.

Services Provided

BSF Child Care Assistance grants help families pay child care costs on a sliding fee basis. As family income increases, so does the amount of child care expenses paid by the family. When family income reaches 67% of the state median income, family co-payments generally meet or exceed the cost of care.

BSF child care helps pay the child care costs of eligible low-income families not participating in MFIP or DWP, or in their first year after leaving MFIP or DWP. Families who have household incomes at or under 47% of the state median income when they enter the program, less than 67% of the state median income when they leave the program, and participate in authorized activities, such as employment, job search, and job training, are eligible for BSF child care.

Care must be provided by a legal child care provider over the age of 18. Providers include legal, nonlicensed family child care, license-exempt centers, licensed family child care, and licensed child care centers. Family child care and child care centers operate under separate laws and rules and exist as separate markets.

As required by state law, DHS establishes maximum payment rates for Child Care Assistance Grants by county, type of provider, age of child, and unit of time covered.

Historical Perspective

The BSF program was developed in the 1970s as a pilot program serving 24 counties, in recognition that child care was essential to the employment of low-income families. The demand for child care assistance has steadily increased over time as the number of eligible families has increased. The 2003 legislature made reforms to the Child Care Assistance Program (CCAP) to focus on the lowest income working families and control future growth. (CCAP is comprised of MFIP child care for families on MFIP or DWP and BSF child care for other low-income families.)

In 2007, the legislature appropriated \$1 million for Child Care Assistance Programs for the FY2008-09 biennium to provide funding for incentives for parents and providers to promote skills and abilities that children need to succeed in school. The pilot project, School Readiness Connections, was extended in 2009-10 with an appropriation of \$ 1.3 million. Child care providers selected by the department are eligible for a higher maximum payment and children are allowed to remain in care with the provider on a full-time basis as long as the family remains eligible for CCAP. The department is using the project evaluation to consider options for recommending changes to CCAP policy that could link ongoing incentives to child care programs that support school readiness.

Key Activity Goals & Measures

- **Ensure all children will start school ready to learn.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** The BSF Child Care Assistance Program improves outcomes for at-risk children by providing financial assistance to help low-income families pay for child care. Parents may pursue employment or education leading to employment while children attend child care where

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: BASIC SLIDING FEE CHILD CARE ASSISTANCE GRANTS

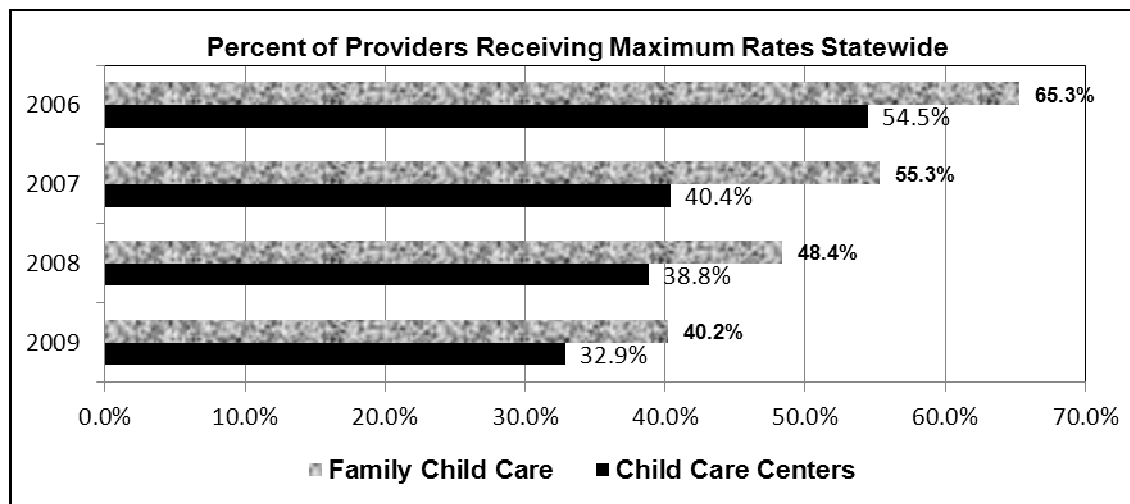
Narrative

they are well cared for and become better prepared to enter school ready to learn. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Key measures are

- **Percentage of child care providers covered by maximum rates.** As required by federal regulations, an annual child care market rate survey assesses whether or not families receiving child care assistance have access to all types of care available to the private market. Access is an important measure for two reasons. The first is that it presents the portion of rates in the child care market that can be fully paid with a CCAP subsidy. Second, access to child care providers may impact whether or not at-risk children are able to attend high-quality child care programs, which national research shows are associated with better child outcomes in low-income communities with children experiencing risk-factors. Therefore the level at which maximum rates are set may differentially affect access to high-quality child care programs.

The following chart compares the percentage of child care center providers who receive maximum rates of payment with the percentage of family child care providers who receive maximum rates.



- **Percentage of children receiving child care assistance through the School Readiness Connections Pilot project who are ready for school.** The School Readiness Connections Pilot project targets resources to low-income families by reimbursing selected, qualified providers at higher rates for providing comprehensive services to improve the school readiness of at-risk children ages 0-5. The results of the evaluation indicate that the project goals were met and that the majority of children assessed prior to kindergarten entry were proficient in the skills and abilities necessary for school readiness. For the complete evaluation, see http://www.dhs.state.mn.us/dhs16_147885.pdf

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

BSF Child Care Assistance Grants is funded by appropriations from the General Fund and from the federal Child Care and Development Fund (CCDF), which includes monies that the legislature transfers from the Temporary Assistance for Needy Families (TANF) block grant as well as county contributions.

Contact

For more information on BSF Child Care Assistance Programs, contact Transition to Economic Stability, (651) 431-4000.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: BSF CHILD CARE ASSIST GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	40,100	37,592	37,592	37,592	75,184
Technical Adjustments					
Current Law Base Change			7,243	7,243	14,486
Subtotal - Forecast Base	40,100	37,592	44,835	44,835	89,670
Governor's Recommendations					
Child Care Assistance Program Changes		0	(413)	(2,686)	(3,099)
BSF Child Care Assistance		0	(5,000)	0	(5,000)
Underspending		0			(5,000)
Total	40,100	37,592	39,422	42,149	81,571
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	40,100	37,592	39,422	42,149	81,571
Statutory Appropriations					
Federal	40,538	24,968	53,239	48,239	101,478
Federal Stimulus	8,000	0	0	0	0
Total	88,638	62,560	92,661	90,388	183,049
<u>Expenditures by Category</u>					
Payments To Individuals	80,959	5,500	5,500	5,500	11,000
Local Assistance	7,679	57,060	87,161	84,888	172,049
Total	88,638	62,560	92,661	90,388	183,049

Activity at a Glance

- Provides 27,000 child care referrals annually
- Awards 2,300 grants per year to providers to improve the quality and availability of child care
- Supports high quality training opportunities through classes offered to 35,000 participants, 575 enrollees in the new Minnesota Professional Development Registry, and 228 scholarships for provider education and training each year
- Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010

Activity Description

Child Care Development Grants promotes school readiness and improves the quality and availability of child care in Minnesota by providing consumer education to parents and the public and providing activities that increase parental choice.

Population Served

- Three out of four Minnesota families use child care for their children under age 13. These children spend an average of 24 hours a week in care.
- Over 230,000 Minnesota children under age six spend time in licensed child care arrangements.
- There are about 14,000 child care businesses and an estimated 150,000 family, friend, and neighbor caregivers in Minnesota.

Services Provided

The Minnesota Department of Human Services works with public and private agencies and individuals to promote school readiness through education and training and to provide a state infrastructure to support quality and availability of child care. These efforts include

- professional development for early childhood and school-age care providers;
 - A 2007 Minnesota law authorized development and implementation of a professional development system.
 - Statewide training, including the Minnesota Child Care Credential, is coordinated and delivered to child care providers by child care resource and referral (CCR&R) programs in partnership with other sponsoring organizations.
 - The Minnesota Center for Professional Development administers the Professional Development Registry, a career lattice, approval of training and trainers, and learning and career guidance.
 - All training aligns with the Minnesota Core Competencies: child growth and development; learning environment and curriculum; child assessment; interactions with children and youth, families, and communities; health, safety, and nutrition; caring for children with special needs; and provision of culturally responsive child care.
 - child care referrals for parents;
 - Referrals include personalized information and guidance for parents on selecting quality child care.
 - Referrals are delivered through local child care resource and referral programs at no cost to parents.
- grants and financial supports for child care providers;
 - Grants enable child care programs to improve facilities, start up or expand services, access training, and purchase equipment and materials.
 - Scholarships for credentials and higher education and bonus compensation help retain individuals working in child care and Head Start programs.
- consultation, mentoring, and coaching for child care providers; and
 - These resources provide support to individual child care providers to build their knowledge and skills to meet the needs of individual children, meet licensing standards, and improve program quality.
- the Building Quality Initiative for child care providers.
 - This is a legislatively-mandated initiative that helps child care providers prepare for a statewide quality rating and improvement system through consultation, training, grants, and professional development advising.

Other key elements include

- ongoing mechanisms for community-level input on programs and policies through advisory committees for major program components;
- research and evaluation to guide policy and program development to target resources effectively; and
- local control of grant priorities for grants administered by CCR&R sites.

Historical Perspective

The 1988 Minnesota Legislature established the Child Care Development Program to respond to increased demand for quality child care, and the need for a statewide infrastructure for parents and communities to respond to these needs. Since that time, the Child Care Development Grants program has awarded statewide and local-level grants to

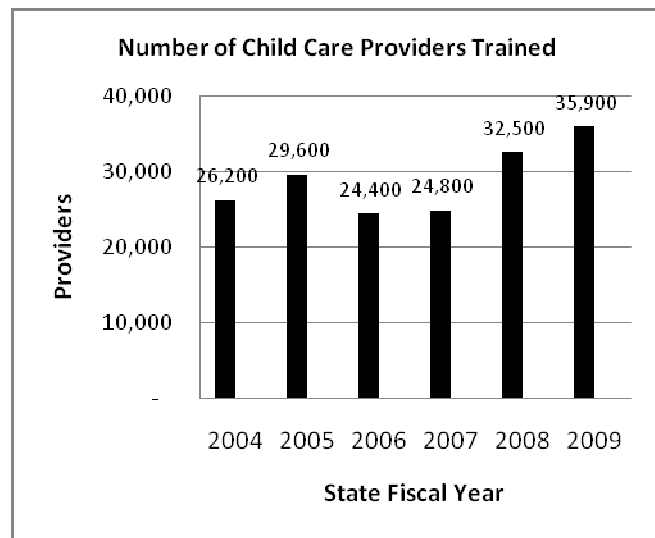
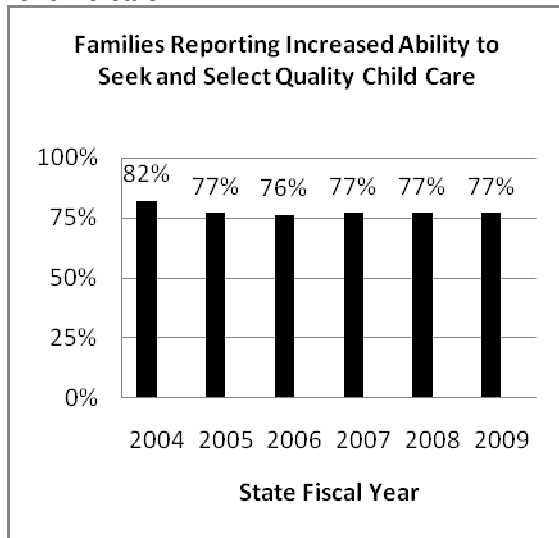
- support child care providers in improving quality;
- develop the child care infrastructure to provide referral services to parents and professional development, technical assistance, and facilities improvements to child care providers; and
- conduct research and evaluation to identify child care needs and improve program effectiveness.

Key Activity Goals & Measures

- **Improve the educational outcomes of children so that all children are school-ready by 2020.** This goal is from the Governor’s Early Childhood Advisory Council (http://www.education.state.mn.us/MDE/Learning_Support/Early_Learning_Services/Adv_Groups/Early_Child_Adv_Council/index.html).
- **Improve outcomes for the most at-risk children.** Improvement will occur by working with partners to test and evaluate approaches to improve school readiness. This goal is from the Department of Human Services’ Priority Plans (<http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-4694-ENG>).

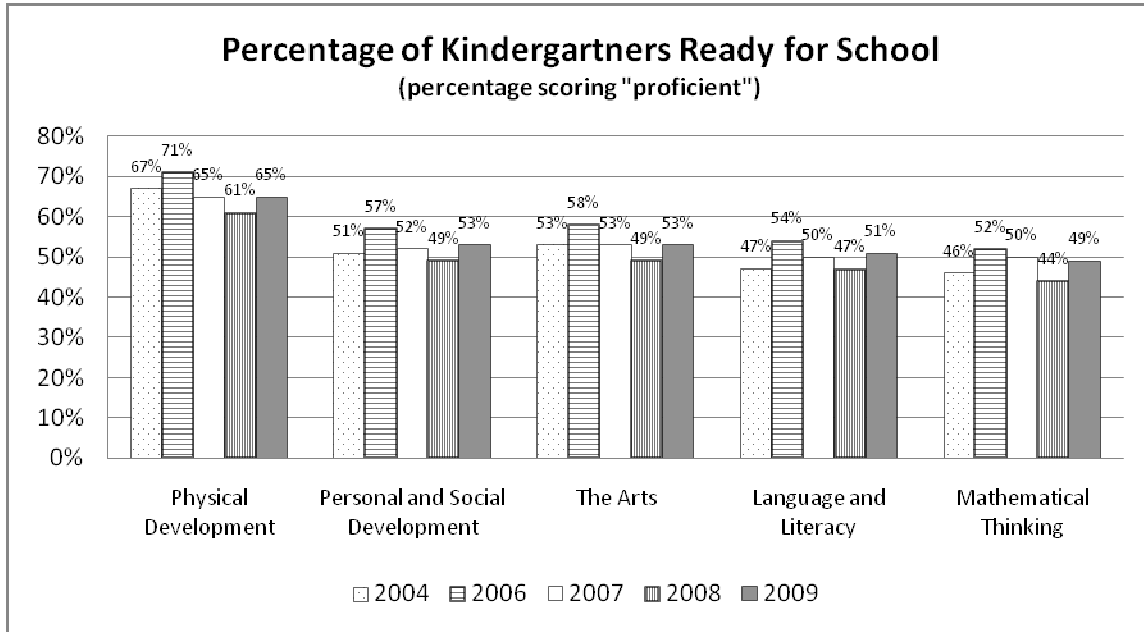
Key measures are:

- **Percentage of families using child care referral services who report increased ability to seek and select quality child care.** The goal of child care referral services is to help families access quality child care by providing information on what constitutes a quality child care setting, how to search for quality child care, and which child care providers might meet families’ needs. This measure is a self-report of families’ ability to seek and select quality child care using the information gained from the child care referral experience. The results are based on a follow-up survey of parents who had used child care referral services.
- **Number of participants attending child care resource and referral training.** Participation in annual in-service training for more than 35,000 individuals working in Minnesota child care settings is required by licensing and, when focused on key core competencies, is also an important strategy for improving the quality of child care.



- **Number of children who are ready for school (proficient category).** An expected outcome of Child Care Development Grants is increased school readiness for young children in child care settings, especially children at risk of poor outcomes. Among children ages birth to five, 75% are cared for in a child care setting on a regular basis. While research has shown that high quality early childhood programs can improve children’s readiness for school, it should be noted that many other factors, such as poverty and mother’s education level, are highly correlated with this outcome.

Data are collected annually by the Minnesota Department of Education through its Minnesota School Readiness Study. A geographically representative random sample of Minnesota kindergartners (about 10% of entering kindergartners) are assessed as they enter school in the fall.



Note: there was no School Readiness Study in 2005

- For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Child Care Development Grants are funded with appropriations from the General Fund and from federal funds.

Contact

For more information on Child Care Development Grants, contact Child Development Services Division at (651) 431-3809.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILD CARE DEVELOPMENT GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,487	1,487	1,487	1,487	2,974
Subtotal - Forecast Base	1,487	1,487	1,487	1,487	2,974
Total	1,487	1,487	1,487	1,487	2,974
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,437	1,487	1,487	1,487	2,974
Statutory Appropriations					
Miscellaneous Special Revenue	733	262	0	0	0
Federal	7,494	11,233	9,016	9,016	18,032
Federal Stimulus	3,407	0	0	0	0
Total	13,071	12,982	10,503	10,503	21,006
<u>Expenditures by Category</u>					
Other Operating Expenses	64	0	0	0	0
Local Assistance	13,007	12,982	10,503	10,503	21,006
Total	13,071	12,982	10,503	10,503	21,006

Activity at a Glance

- County agencies earned incentives for 9,093 order modifications and 6,406 paternity establishments (FY 2010).
- Access and visitation funds served 245 children and 263 adults (FY 2009).
- 117 non-custodial parents achieved increased parenting time with their children (FY 2009).

Activity Description

Child Support Enforcement Grants helps strengthen families by providing concrete supports in times of need. Child support is an important component in helping many families become self-sufficient and stay off welfare. Child support enforcement is administered at the local level by counties acting under the state's direction and supervision. These grants provide state administrative funding to counties primarily based on their performance and federal funding for access and visitation and program innovation.

Population Served

Child Support Enforcement serves both families who receive public assistance and those who are non-public assistance clients. The federal grants serve parents and children, whether they participate in the state's child support program or not.

Services Provided

Services provided by the state and counties to help families in Minnesota receive child support include

- establishing paternity;
- establishing and modifying orders for child support, medical support, and child care support;
- collecting and disbursing support; and
- enforcing support orders by using various tools to collect support, including suspension of driver's licenses and various state occupational licenses for non-payment, new hire reporting by employers, and work with financial institutions to move money directly from bank accounts.

Access and visitation federal grant funding *supports and facilitates non-custodial parents' access to and visitation of their children* and is competitively awarded by the state to qualifying community agencies.

Federal competitively awarded grant funding supports child support program innovation targeted to the agency's priorities, which may change from year to year.

Historical Perspective

The state provides incentives to county agencies for each paternity (\$100), basic support (\$100), and medical support (\$50) order established and for each order modified (\$100). Counties must reinvest the incentives money in child support program activities and cannot supplant county funds used to administer the program. With the implementation of shared income child support guidelines, the legislature also appropriated funds to counties for the administration of this program change. These funds are distributed to counties based on caseload size. Legislation passed in the 2010 session reduced both of these appropriations.

The federal Office of Child Support Enforcement allocates Access and Visitation funding to states based on their proportionate share of children nationwide living with only one biological parent. The state's annual allocation is about \$130,000. The grants require a 10% non-federal match, which is supplied by the agencies in Minnesota to which the grant is awarded.

Over the years, Minnesota has successfully competed for federal Section 1115 demonstration grants. A 5% non-federal match is required. Currently, the state has a grant for a demonstration of a co-parenting court in Hennepin County to support unmarried parents in developing a healthy co-parenting relationship. The three-year demonstration will run until federal fiscal year 2013.

Key Activity Goals & Measures

- Be effective, maximize overall performance and outcomes.
- Build and sustain collaborative relationships with those who help deliver our services.

These goals are from the *Child Support Strategic Plan 2008-2012*. More information on this plan can be found at: <http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-5217B-ENG>.

Key measures are

HUMAN SERVICES DEPT

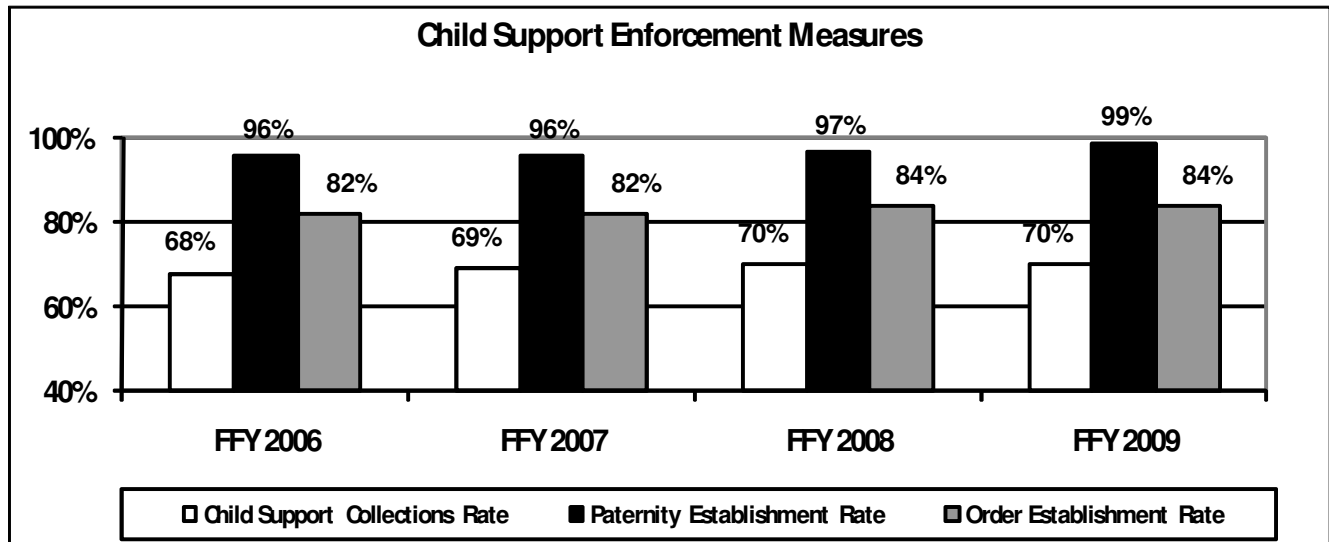
Program: GRANT PROGRAMS

Activity: CHILD SUPPORT ENFORCEMENT GRANTS

Narrative

- **Child support collection rate.** This measure is the percentage of dollars ordered for child support that was paid by the non-custodial parent. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.
- **Paternity establishment rate.** This rate is the percentage of paternitys established for children in the Title IV-D caseload who were not born in marriage. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.
- **Order establishment rate.** The order establishment rate is the percentage of orders established for children in the Title IV-D caseload. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.

These measures are based on federal fiscal years (FFY).



For more information on Minnesota Department of Human Services (DHS) performance measures, see: <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Child Support Enforcement Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on Child Support Enforcement Grants, contact the Child Support Enforcement Division, (651) 431-4400.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILD SUPPORT ENFORCEMENT GR

Budget Activity Summary

	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	305	2,156	2,156	2,156	4,312
Technical Adjustments					
Current Law Base Change			1,249	1,249	2,498
Subtotal - Forecast Base	305	2,156	3,405	3,405	6,810
Governor's Recommendations					
End Child Support Incentive Grant		0	(3,355)	(3,355)	(6,710)
Total	305	2,156	50	50	100
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	300	2,106	50	50	100
Statutory Appropriations					
Miscellaneous Special Revenue	1,562	1,947	1,490	1,490	2,980
Federal	163	192	124	124	248
Total	2,025	4,245	1,664	1,664	3,328
<u>Expenditures by Category</u>					
Other Operating Expenses	(380)	0	0	0	0
Payments To Individuals	380	234	50	50	100
Local Assistance	2,025	4,011	1,614	1,614	3,228
Total	2,025	4,245	1,664	1,664	3,328

Activity at a Glance

In 2009,

- 22,000 children were assessed for abuse or neglect;
- 4,900 children were determined to be abused or neglected;
- 11,700 children were in out-of-home placements;
- More than 650 children under state guardianship were adopted; and
- More than 9,000 children were supported in adoptive and relative homes.

Activity Description

Children's Services Grants fund a continuum of statewide child welfare services.

Population Served

Children's Services Grants fund services for children who are at risk of abuse or neglect, have been abused or neglected, are in out-of-home placements, are in need of adoption, or are under state guardianship. Children's Services grants affect the lives of

- children who are abused or neglected and need child protection services;
- children who are in out-of-home placements because they cannot live safely with their parents or need care which cannot be provided within their homes;
- children who are waiting for immediate adoption; and
- families through the strategic initiatives supported by the Minnesota Children's Trust Fund.

Services Provided

Children's Services Grants funds adoption, child protection, homeless youth services, and child abuse and neglect prevention services through counties, tribes, local service collaboratives, schools, nonprofits, and foundations.

Children's Services Grants funds the following:

- Family Assessment Response and other services to families referred to child protection;
- services to prevent child abuse and neglect;
- services to prevent homelessness for older youth leaving long-term foster care;
- recruitment of foster and adoptive families and specialized services to support the adoption of children under state guardianship;
- Adoption Assistance for children with special needs who were under state guardianship and have been adopted;
- Relative Custody Assistance for children with special needs whose custody is transferred to relatives; and
- Indian child welfare services

Historical Perspective

The focus of child welfare has evolved over the years. Most recently, Children's Services grants have been used to:

- reform the child welfare system through innovative efforts such as Alternative Response (now known as Family Assessment Response), the American Indian Child Welfare Initiative, Minnesota Child Welfare Training System, and the Children's Justice Initiative (a collaboration between DHS and the Minnesota judicial branch) and
- find and support permanent families for children who cannot be safely reunited with their families through the Public/Private Adoption Initiative, Concurrent Permanency Planning, and MN Adopt.

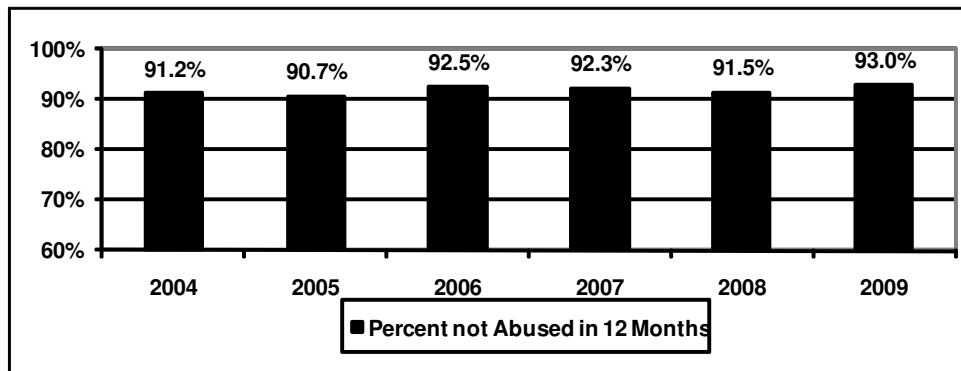
Key Activity Goals & Measures

- **Families will provide a stable, supportive environment for children.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** The department provides grants for early and targeted services for the children in Minnesota who are at the greatest risk for poor outcomes, including those who are in child protection, are homeless, or are teenage parents. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

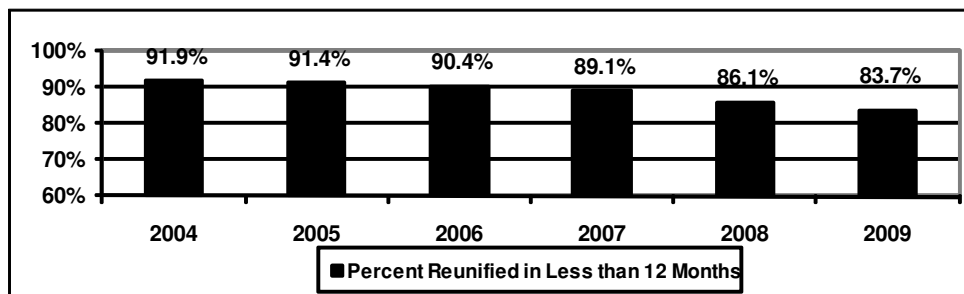
The underlying factor common to the three measures listed below is that more children will live in safe and permanent homes.

Key measures are:

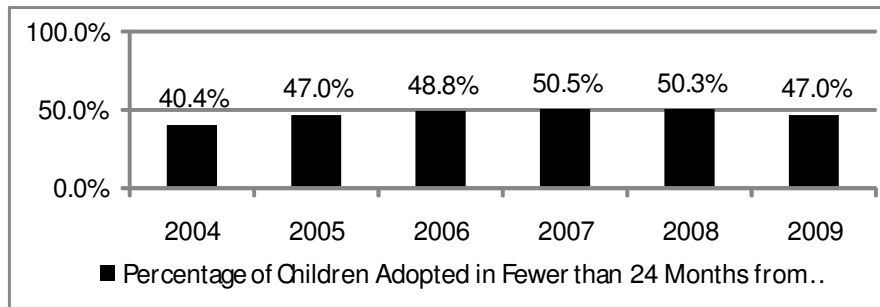
- **Percentage of children who do not experience repeated abuse or neglect within 12 months of a prior report.** For the period of 2004 through 2009 in Minnesota, the percentage of children who did not experience repeated abuse or neglect within 12 months of a prior report ranged from 91% (2004) to 93% (2009).



- Percentage of children reunified in less than 12 months from the time of the latest removal from their home.** For the period of 2004 through 2009 in Minnesota, the percentage of children reunified in fewer than 12 months from the latest removal from their homes ranged from 84% to 92%. The national standard for this measure is 75.2%.



- Percentage of children who were adopted in fewer than 24 months from the time of the latest removal from their home.** The percentage of children adopted within 24 months from latest removal from home has increased from 40% in 2004 and exceeded the national standard in every year since 2002. The national standard for this measure is 36.6%.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Children’s Services Grants is funded primarily with appropriations from the General Fund and from federal funds. Initiatives supported by the Minnesota Children’s Trust Fund are funded from a surcharge on birth certificates.

Contact

For more information about Children’s Services Grants, contact the Child Safety and Permanency Division, (651) 431-4660.

Information on DHS programs is on the department’s website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN'S SERVICES GRANTS

Budget Activity Summary

Dollars in Thousands

	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	47,433	50,498	50,498	50,498	100,996
Technical Adjustments					
Current Law Base Change			(5,371)	(5,371)	(10,742)
Subtotal - Forecast Base	47,433	50,498	45,127	45,127	90,254
Governor's Recommendations					
Adoption / Relative Custody Assistance		0	5,770	7,029	12,799
Total	47,433	50,498	50,897	52,156	103,053
Federal Tanf					
Current Appropriation	340	140	140	140	280
Subtotal - Forecast Base	340	140	140	140	280
Total	340	140	140	140	280
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	45,552	49,664	50,897	52,156	103,053
Federal Tanf	140	140	140	140	280
Statutory Appropriations					
Miscellaneous Special Revenue	5,793	7,430	3,331	2,618	5,949
Federal	37,532	37,144	35,596	35,516	71,112
Federal Stimulus	4,082	4,047	1,013	0	1,013
Gift	18	25	25	4	29
Total	93,117	98,450	91,002	90,434	181,436
<u>Expenditures by Category</u>					
Total Compensation	30	0	0	0	0
Other Operating Expenses	1,459	247	38	33	71
Payments To Individuals	44,516	48,703	48,297	49,056	97,353
Local Assistance	47,112	49,500	42,667	41,345	84,012
Total	93,117	98,450	91,002	90,434	181,436

Activity at a Glance

Serves 350,000 people annually who experience abuse, neglect, poverty, disability, chronic health conditions, or other factors that may result in poor outcomes or disparities.

Activity Description

Children and Community Services Grants provides funding to counties to purchase or provide social services for children and families.

Population Served

These funds provide services to clients who experience dependency, abuse, neglect, poverty, disability, chronic health conditions, mental health conditions, or other factors that may result in poor outcomes or disparities, as well as services for family members to support those individuals. Services are provided to people of all ages who are faced with a wide variety of needs. Historically, these grants have supported the following populations

- children in need of protection;
- pregnant adolescents and adolescent parents and their children;
- abused and neglected children under state guardianship;
- adults who are vulnerable and in need of protection;
- people over age 60 who need help living independently;
- children and adolescents with emotional disturbances and adults with mental illness;
- people with developmental disabilities;
- people with substance abuse issues;
- parents with incomes below 70% of state median income who need child care services for their children; and
- children and adolescents at risk of involvement with criminal activity.

Services Provided

County boards are responsible for coordinating formal and informal systems to best support and nurture children and adults within the county who meet the requirements in the state Children and Community Services Act (CCSA). This includes assisting individuals to function at the highest level of ability while maintaining family and community relationships.

Children and Community Services Grants' services focus on the following activities and outcomes

- preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests;
- preserving, rehabilitating, or reuniting families;
- achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- identifying mental health disorders early and providing treatment based on the latest scientific evidence;
- preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- referring or admitting for institutional care people for whom other forms of care are not appropriate

Children and Community Services Grants support the following services

- adoption services;
- case management services;
- counseling services;
- foster care services for adults and children;
- protective services for adults and children;
- residential treatment services;
- special services for people with developmental, emotional, or physical disabilities;
- substance abuse services;
- transportation services; and
- public guardianship.

Historical Perspective

The Children and Community Services Act (CCSA), which was enacted by the 2003 legislature, consolidated 15 separate state and federal children and community services grants, including Title XX, into a single block grant program. The CCSA gives counties more flexibility to ensure better outcomes for children, adolescents, and adults in need of services. The act also simplifies the planning and administrative requirements of the previous Community Social Services Act. It includes criteria for counties to limit services if CCSA funds are insufficient.

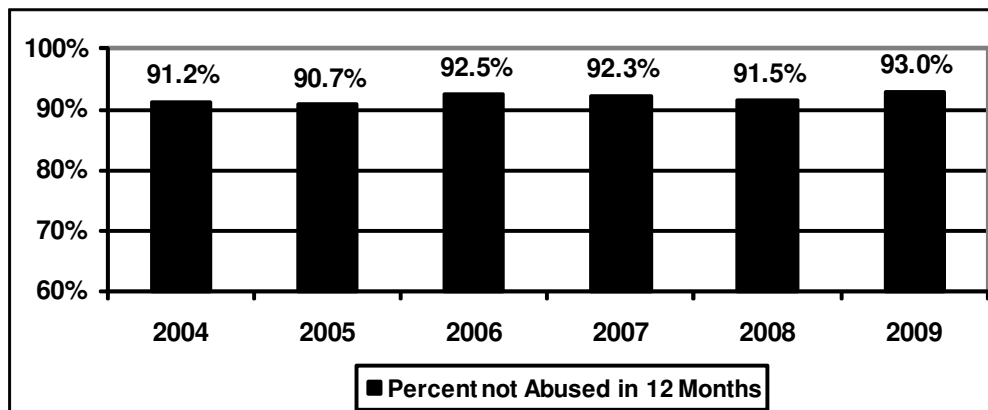
Key Activity Goals & Measures

- **Families will provide a stable, supportive environment for their children.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** Working with others, the department will provide early and targeted services to children in Minnesota who are at greatest risk for poor outcomes, including those who are homeless, disabled, teenage parents, in child protection, or in deep or persistent poverty. By identifying these at-risk children, building partnerships and service networks, and implementing targeted, coordinated and integrated services, children’s lives will improve. They will also be better prepared for a healthy and productive adulthood.
- **Disparities will be reduced in service access and outcomes for racial and ethnic populations.** The department provides grants to counties to provide support at the local level based on the presenting needs of residents in that community. The program tracks several child safety and permanency outcomes by race and ethnicity at the county level. This goal is from the Minnesota Department of Human Services’ *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

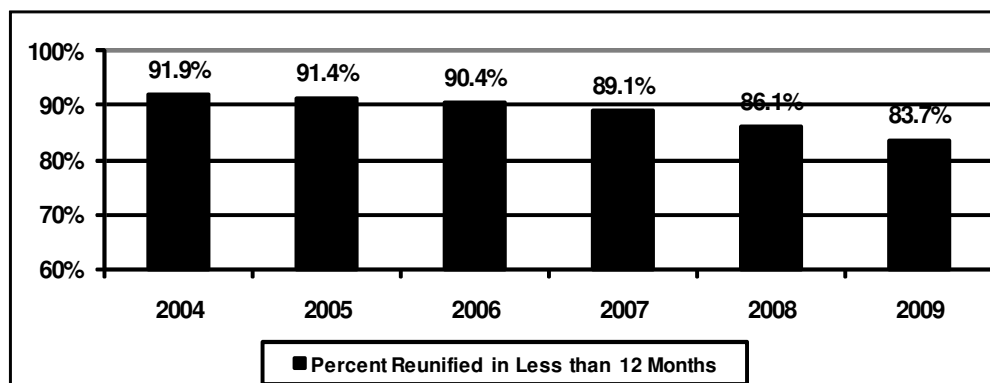
The underlying factor common to the three measures listed below is that more children will live in safe and permanent homes.

Key measures are

- **Percentage of children who do not experience repeated abuse or neglect within 12 months of a prior report.** For the period of 2004 through 2009 in Minnesota, the percentage of children who did not experience repeated abuse or neglect within 12 months of a prior report ranged from 91% (2004) to 93% (2009).



- **Percentage of children reunified in less than 12 months from the time of the latest removal from their home.** For the period of 2004 through 2009 in Minnesota, the percentage of children reunified in fewer than 12 months from the latest removal from their homes ranged from 84% to 92%. The national standard for this measure is 75.2%.



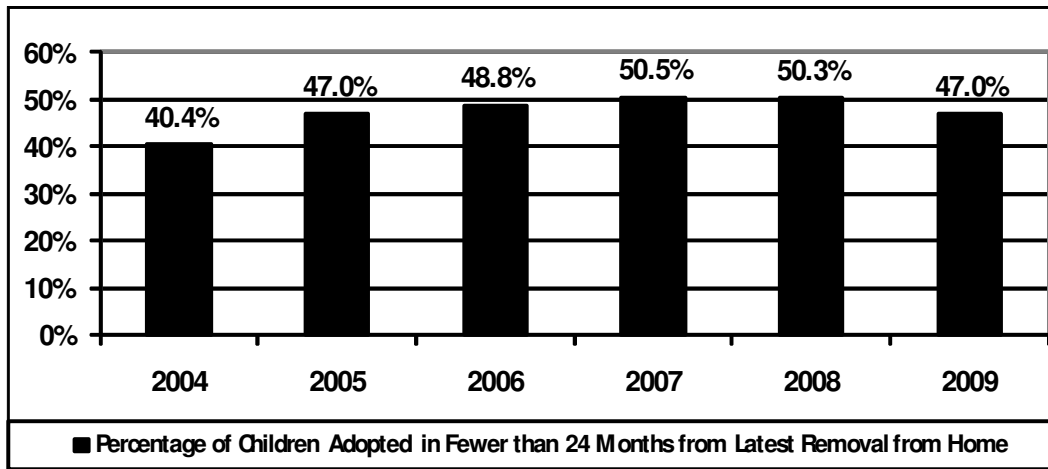
HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN & COMMUNITY SERVICES

Narrative

- **Percentage of children who were adopted in fewer than 24 months from the time of the latest removal from their home.** The percentage of children adopted within 24 months from latest removal from home has increased from 40% in 2004 and exceeded the national standard in every year since 2002. The national standard for this measure is 36.6%.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Children and Community Services Grants are funded with appropriations from the general fund and from federal Title XX (Social Services Block Grant) funds.

Contact

For more information on Children and Community Services Grants, contact the Child Safety and Permanency Division, (651) 431-4660.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN & COMMUNITY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	50,763	49,292	49,292	49,292	98,584
Technical Adjustments					
Current Law Base Change			15,009	15,009	30,018
Subtotal - Forecast Base	50,763	49,292	64,301	64,301	128,602
Governor's Recommendations					
CCSA for Vulnerable Children & Adults		0	(10,000)	(12,000)	(22,000)
Total	50,763	49,292	54,301	52,301	106,602
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	50,763	49,292	54,301	52,301	106,602
Statutory Appropriations					
Federal	32,654	32,413	32,275	32,275	64,550
Total	83,417	81,705	86,576	84,576	171,152
 <u>Expenditures by Category</u>					
Local Assistance	83,417	81,705	86,576	84,576	171,152
Total	83,417	81,705	86,576	84,576	171,152

Activity at a Glance

- Provides transitional housing to 4,450 people annually.
- Provides food support to more than 400,000 people each month.

Activity Description

Children and Economic Assistance Grants provides funding for housing, food, and other services to low-income families and individuals in transition to economic stability.

Population Served

Eligible recipients include

- individuals and families who are at risk of homelessness and need housing and supportive services until they are able to move into stable, permanent housing;
- low-income families and individuals needing assistance to meet basic nutritional needs; and
- low-income households that need services and support to achieve long-term economic stability and maintain employment.

Services Provided

- Supportive Housing Services Grants address the needs of long-term homeless individuals and families.
- The Transitional Housing Program (THP) provides grants for programs that provide transitional housing and supportive services to homeless people for up to 24 months so that they can find stable, permanent housing.
- The Emergency Services Program funds shelters and other organizations to provide emergency shelter and essential services to homeless adults, children, and youth.
- Food shelves provide food to low-income individuals and families who have exhausted resources and are unable to meet their basic nutrition needs. Food banks, food shelves, on-site meal programs, and shelters provide food through the Minnesota Food Shelf Program and The Emergency Food Assistance Program.
- Food Support is provided through Electronic Benefit Transfer, Food Support Expedited Benefits, and Food Support Cashout Supplemental Security Income.
- The Minnesota Food Assistance Program provides state-funded grants to legal non-citizens who are no longer eligible for federal Food Support.
- Minnesota Community Action Grants provide low-income citizens with the information and skills necessary to become more self-reliant through a statewide network. Services are designed locally, based on community assessments, and aimed at ending poverty through high-impact strategies.
- Family Assets for Independence in Minnesota (FAIM) helps low-wage earners acquire financial assets and move out of poverty through matched savings accounts and financial education.
- Fraud-prevention grants are awarded to counties to fund early fraud detection and collection efforts for public assistance programs.

Historical Perspective

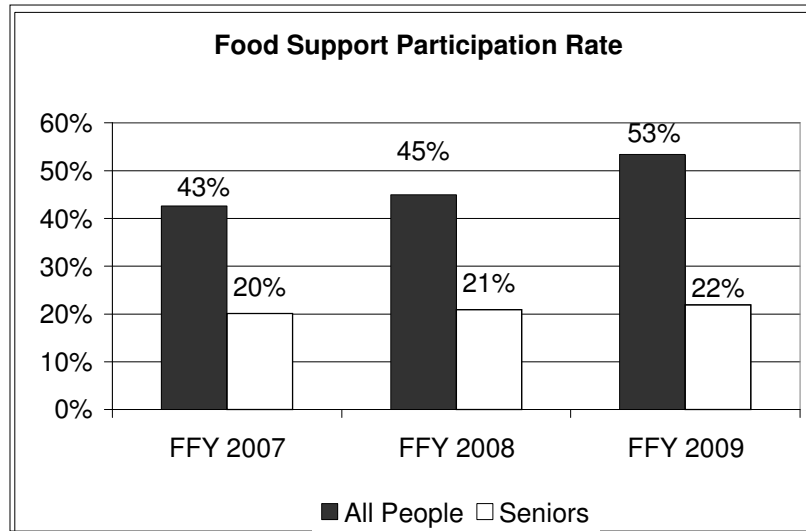
Homeless prevention programs were developed in the 1980s in response to the increasing numbers of children and families experiencing homelessness. The 2005 legislature appropriated \$5 million/year for Supportive Housing Services grants to serve families and individuals experiencing long-term homelessness. Additional one-time funding was provided by the legislature in 2007 and 2008 to integrate the Supportive Housing and Managed Care Pilot into the new program. Certain legal non-citizens lost eligibility for federal Food Support in the 1990s and the state responded by creating the Minnesota Food Assistance Program. Family Assets for Independence in Minnesota is part of a national asset building initiative that also began in the 1990s. It came from the recognition that low-income families are often excluded from financial opportunities for asset development that is available to middle and upper income families.

Key Activity Goals & Measures

- **Improve outcomes for the most at-risk children.** DHS provides supports and services to the children in Minnesota who are at the greatest risk for poor outcomes. This goal is from the Minnesota Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
- **Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.** At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social services, and other supports from the department and its partners. This goal is also from DHS' *Priority Plans*.

Key measures are

- Food Support Participation Rate for People in Poverty
- Food Support Participation Rate for Seniors in Poverty



These measures are the average monthly number of people eligible for Food Support (including MFIP Food Portion) divided by the number of people at or below 125% of the federal poverty level, according to the 2006-2008 Three-Year Estimates of the American Community Survey. The Senior Participation Rate includes people ages 65 or older.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Children and Economic Assistance Grants are funded with appropriations from the state General Fund and from federal funds.

Contact

For more information on Children and Economic Assistance Grants, contact the Community Partnerships Division, (651) 431-3809.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN & ECONOMIC SUPPORT GR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	16,447	15,552	15,552	15,552	31,104
Technical Adjustments					
Current Law Base Change			753	263	1,016
Subtotal - Forecast Base	16,447	15,552	16,305	15,815	32,120
Governor's Recommendations					
Fund Growth for Mn Food Assistance		0	333	408	741
Prog					
End State Community Action Grants		0	(3,900)	(3,900)	(7,800)
End State FAIM Grants		0	(492)	0	(492)
Match Supportive Services Expenditures		0	(500)	(500)	(1,000)
Total	16,447	15,552	11,746	11,823	23,569
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	16,140	15,577	11,746	11,823	23,569
Statutory Appropriations					
Miscellaneous Special Revenue	300	140	3	3	6
Federal	376,627	375,052	374,318	374,317	748,635
Federal Stimulus	76,997	18,531	2,600	2,600	5,200
Total	470,064	409,300	388,667	388,743	777,410
<u>Expenditures by Category</u>					
Other Operating Expenses	53	5	5	5	10
Payments To Individuals	428,221	382,865	367,190	367,190	734,380
Local Assistance	41,433	25,680	20,722	20,798	41,520
Other Financial Transactions	357	750	750	750	1,500
Total	470,064	409,300	388,667	388,743	777,410

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: REFUGEE SERVICES GRANTS

Narrative

Activity at a Glance

Monthly average of refugees receiving resettlement services

• Refugee Cash Assistance	64
• Refugee Medical Assistance	59
• Social Services	857

Activity Description

Refugee Services Grants provides federally-funded resettlement services to help refugees rebuild their families and integrate as new Minnesotans.

Population Served

Refugees are people lawfully admitted to the United States who are unable to return to their own home country because of a fear of persecution.

Services Provided

Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA) is federal funding that provides cash assistance and pays for medical care for needy refugees who do not qualify for the Minnesota Family Investment Program (MFIP) or Medical Assistance (MA).

Social services provide refugees with culturally appropriate and bilingual employment services through contracts with nonprofit and ethnically based community organizations. Services are generally limited to refugees during their first five years in the United States, with priority given to those in their first year.

A wide range of other services is provided to help refugees adjust to life in the United States. Examples of these services are referral and information, translation and interpreter services, family literacy and English language instruction, and preparation for citizenship.

Historical Perspective

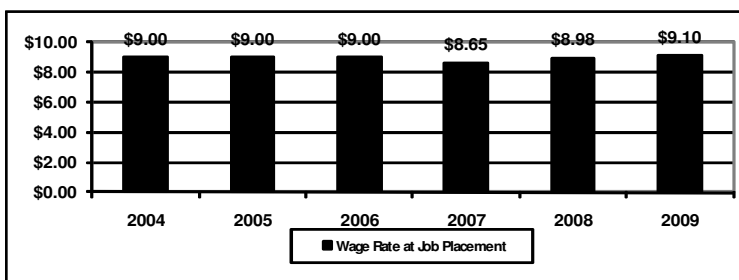
Over the last five years (Oct. 2004-Sept. 2009), Minnesota resettled 16,388 refugees from 47 ethnic nationalities or political nations. Most of the refugees came from Somalia, Laos, Ethiopia, and Burma.

Key Activity Goals & Measures

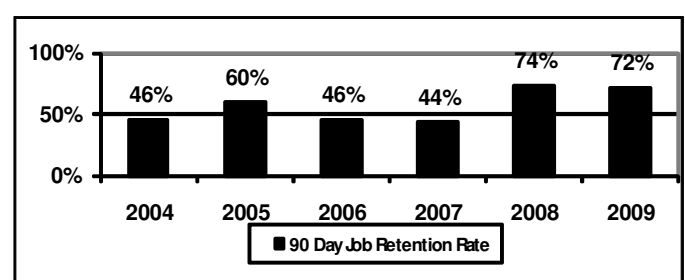
- **All people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy.** The goal of refugee services is to rebuild refugee families and integrate them as new Minnesotans. This goal is from Minnesota Milestones (<http://server.admin.state.mn.us/mm/goal.html>). A specific objective of refugee services is to help families become economically self-supporting.

Key measures are:

Refugees' wage rate at job placement



Refugees' 90-day job retention rate



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Refugee Services Grants is funded with appropriations from federal funds.

Contact

For more information on Refugee Services Grants, contact Community Living Supports, (651) 431-3885.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: REFUGEE SERVICES GRANTS

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<i>Expenditures by Fund</i>					
Statutory Appropriations					
Federal	11,753	15,518	9,137	7,337	16,474
Total	11,753	15,518	9,137	7,337	16,474
<i>Expenditures by Category</i>					
Other Operating Expenses	2,710	2,158	1,700	900	2,600
Payments To Individuals	1,867	3,000	3,000	3,000	6,000
Local Assistance	7,176	10,360	4,437	3,437	7,874
Total	11,753	15,518	9,137	7,337	16,474

Activity at a Glance

- Provides funding to private and governmental agencies for focused health care grants.
- Provides services to persons who are enrolled in or qualify for Medical Assistance (MA), General Assistance Medical Care (GAMC), and to MinnesotaCare enrollees.

Activity Description

Health Care Grants contains seven elements

- care coordination grants;
- monitor MA Prepaid Health Plan grants;
- state-wide toll-free number;
- state payment of subsidies for COBRA premiums;
- State Health Care Access Program grant; and
- outreach grants.

Population Served

This activity provides services to persons who are enrolled in or qualify for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare enrollees. It also provides services to people who do not qualify for Minnesota Health Care Programs but cannot afford to purchase insurance in the commercial market; these services are provided by safety net providers.

Services Provided

Care coordination grants create and fund multiple care coordination pilots for children and adults with complex health care needs in the fee-for-service delivery system.

The Monitor MA Prepaid Health Plans grants include expenditures incurred through interagency agreements with the Minnesota Department of Health (MDH). State matching funds are provided by MDH while DHS claims 50% federal financial participation.

Effective 7-1-09 through 2-28-12, a state-funded subsidy equal to 35% of the cost of COBRA health insurance is provided to persons who are eligible for both the federal subsidy of 65% of the COBRA premium and a Minnesota Health Care Program. For the purpose of MinnesotaCare eligibility, individuals who have received the COBRA subsidy are exempt from that program's four-month uninsured requirement.

DHS received a federal State Health Access Program (SHAP) grant of up to approximately \$35.3 million over five years to help uninsured Minnesotans get health care through local access to care programs. DHS will distribute the SHAP funding through grants to community agencies. These agencies will develop programs that will provide affordable coverage for preventive health and primary care services to people who are:

- not eligible for Medical Assistance or GAMC;
- not enrolled onto Minnesota Care; and
- unable to afford private insurance.

Additionally, the SHAP grant provides Minnesota with the opportunity to further expand health care coverage through the development and implementation of the Minnesota Health Care Programs online application and electronic verification system.

Outreach grants assist public and private organizations in providing information and application assistance to potential Minnesota Health Care Program (MHCP) enrollees. DHS has awarded funds to two grantees to target disparate groups and refine an open enrollment process for school-aged children in collaboration with schools/school districts. One of the grantees will carry out the activities proposed under the Open Enrollment and Schools project which include:

- providing targeted outreach;
- application and enrollment assistance;
- streamlined referral processes; and
- exploration of a data share with DHS and the Department of Education.

The other grantee will evaluate its current strategies and existing data sources to identify efficiencies and develop new and innovative strategies to reach school-aged children without coverage and their families.

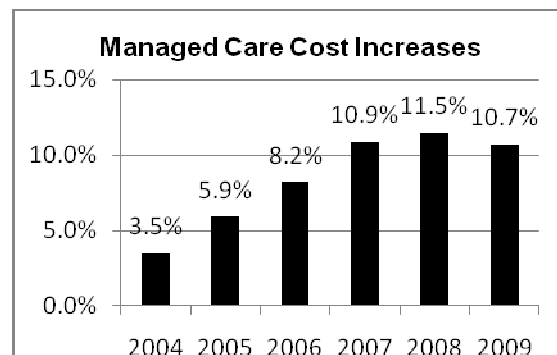
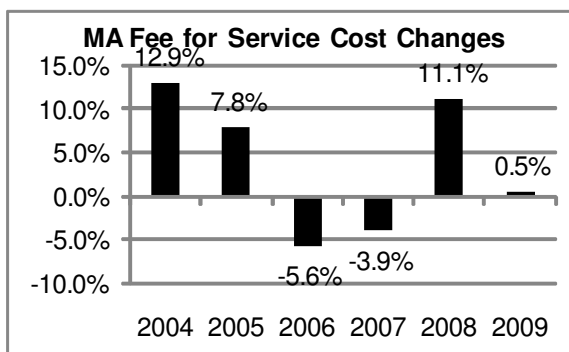
Historical Perspective

Prior to the 2005 legislative session, Minnesota Health Care Program Outreach grants and County Prepaid Medical Assistance Program (PMAP) grants also operated out of this budget activity. The Health Care Program Outreach grants were eliminated in the 2005 legislative session. Additional outreach grant funds were appropriated in the 2008 legislative session. County PMAP grants were phased out in the 2003 legislative session, with grants to counties ending in FY 2004.

Funds to pay COBRA premium subsidies were appropriated in 2009. During the 2010 session, the period for which subsidies could be paid was extended from 12-31-10, to 8-31-11, to match the extension of federal COBRA premium subsidy.

Key Activity Goals & Measures

- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
- **Improve public health care program value. Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding.** At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. <http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm>.
- **Cost increases in Minnesota health care programs.**



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>

Activity Funding

Health Care Grants is funded from appropriations from the General Fund and health care access fund, from private grants, and from federal funds.

Contact

For more information on Health Care Grants, contact the Health Care Programs office at (651) 431-2478.

Information on DHS programs is available on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: GRANT PROGRAMS
 Activity: HEALTH CARE GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	295	295	295	295	590
Subtotal - Forecast Base	295	295	295	295	590
Total	295	295	295	295	590
Health Care Access					
Current Appropriation	23,533	80	80	80	160
Technical Adjustments					
Current Law Base Change			110	110	220
Subtotal - Forecast Base	23,533	80	190	190	380
Total	23,533	80	190	190	380
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	287	295	295	295	590
Health Care Access	6,190	16,996	190	190	380
Statutory Appropriations					
Miscellaneous Special Revenue	95,619	35,000	32,000	32,000	64,000
Federal	1,998	4,342	5,358	5,946	11,304
Total	104,094	56,633	37,843	38,431	76,274
<u>Expenditures by Category</u>					
Payments To Individuals	95,619	35,000	32,000	32,000	64,000
Local Assistance	8,475	21,633	5,843	6,431	12,274
Total	104,094	56,633	37,843	38,431	76,274

Activity at a Glance

- Provides congregate dining to 57,000 people and home-delivered meals to 14,000 people annually.
- Provides social service support to 258,000 people, health promotion to 6,000 people, and caregiver supports to 10,000 people annually.
- Supports nearly 18,000 volunteers per year who provide services through the Retired and Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companions.
- Provides, through the Senior LinkAge Line, comprehensive assistance and individualized help to more than 65,000 individuals through 103,000 unduplicated contacts in 2009.
- Through www.MinnesotaHelp.info, a web-based database of over 11,000 providers available to the public, provides 397,000 visitors with community-based resources and customized long-term care planning tools.
- Funds home and community-based service options for more than 18,000 people and increased capacity by 6,000 volunteers in FY 2009 through the Community Service/Service Development grant program.

Activity Description

Aging and Adult Services Grants provides non-medical social services and supports for older Minnesotans and their families to enable them to stay in their own homes and avoid institutionalization.

Population Served

To be eligible for most of the services paid through these grants, people must be age 60 or older. Although not means-tested, services are targeted to people with the greatest social and economic needs. This conforms to eligibility criteria under the federal Older Americans Act (OAA), which also provides federal funding for a number of these services.

State Community Service/Services Development (CS/SD) and Caregiver Respite and Support (Caregiver) programs increase service availability and service choice for older Minnesotans in both urban and rural communities, providing greater opportunity for Minnesotans to age in place. From FY 2002 through FY 2009, state CS/SD and Caregiver funds have been awarded to 281 projects that have increased the supply of in-home supports, served more than 226,000 people in 87 counties and involved more than 55,000 volunteers.

Services Provided

Aging and Adult Services grants provide:

- nutritional services including meals and grocery delivery;
- transportation, chore services, and other services that help people stay in their own homes;
- evidence-based health promotion, chronic disease management, and falls prevention services;
- mentoring of families and children through older adult volunteer community services projects;
- care and one-on-one attention for special needs children (through the Foster Grandparents Program);
- assistance with daily activities for frail older adults;
- information and assistance through Senior LinkAge Line,[®] the online database www.MinnesotaHelp.info, and web-based long-term care planning tools including comprehensive, objective long-term care options counseling;
- counseling about Medicare, supplemental insurance, and other health and long-term care insurance options;
- comprehensive prescription drug expense assistance, including Medicare Part D, to Minnesotans of all ages;
- assistance and community based follow-up provided to nursing facility residents who want to return to the community;
- respite and other supportive services to family caregivers, including the option for consumer-directed supports; and
- expansion and development of more home and community services and housing options.

Historical Perspective

In 2001, the Minnesota Long-Term Care Task Force issued a report¹ that identified a number of critical issues facing the state, including: the increasing need for long-term care as a result of the aging population; the needs of family caregivers; the over-reliance on institutional models of care, such as nursing facilities; and the need for more community-based options. As a result, the legislature enacted a number of policies to rebalance the long-term care system. This included new and increased state funding to expand the capacity of the community-based system and support the informal network of families, friends, and neighbors.

¹ Reshaping Long-Term Care in Minnesota: State of Minnesota Long-Term Care Task Force Final Report, January 2001. <http://archive.leg.state.mn.us/docs/pre2003/other/010126.pdf>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: AGING & ADULT SERVICES GRANTS

Narrative

The state grant programs are aligned and coordinated with the services provided under the federal OAA. The OAA was passed by Congress in 1965 at the same time the Medicaid program, which began federal funding for nursing facility care, was established. The OAA's purpose was to assist elderly people to live as independently as possible and avoid premature institutionalization. Federal OAA funds in Minnesota are administered through the Minnesota Board on Aging to provide less formal, community-based services, including volunteer-based services. Federal funding for these programs and services has remained relatively static since 2002. During this same time period, the population of older persons in Minnesota has increased about 7%.

In 2003 state funding for most of these grants was reduced by 15%. However \$125,000 per year was restored during the 2007 legislative session for the senior nutrition and volunteer grant programs. Since 2009, Aging and Adult Services grants have been impacted by reductions, unallotment, and/or one-month delays each year.

Key Activity Goals & Measures

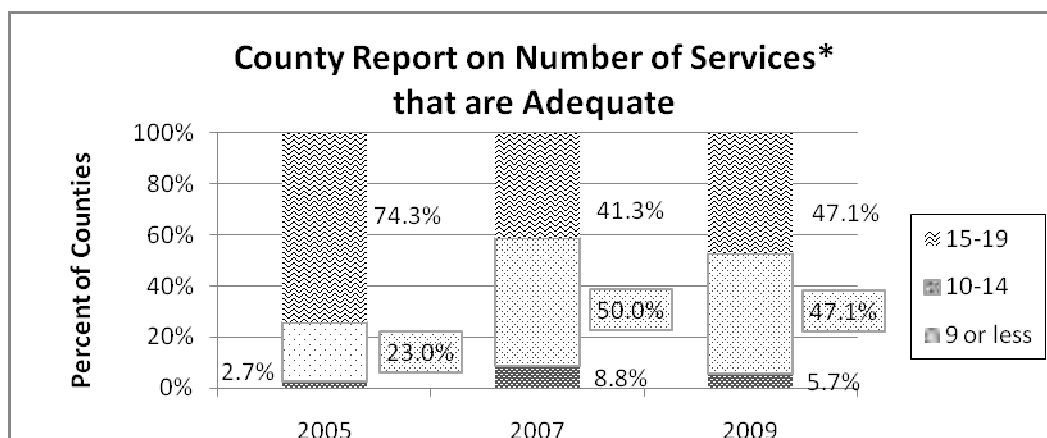
- Older Minnesotans will receive the long-term care services they need in their homes and communities, choose how they receive services, and have more options for using their personal resources to pay for long-term care. Funds in this grant area increase the availability of non-institutional service options for older persons and their families. Competitive grants promote evidence-based models that leverage local private funds and in-kind contributions to promote affordable services that are both dependable and sustainable. This goal is from Departmental Results (<http://www.departmentresults.state.mn.us/hs/index.html>).

Key activity measures include

- Percentage of Minnesota counties reporting adequate home and community-based services for rebalancing long-term care.** "Rebalancing" refers to shifting services to home and community-based services from institutional care. In 2009, less than half of counties (47.1%) report that they have adequate capacity across 15 or more of their services. This is a slight improvement from 2007 (41.3%) but notably different from 2005, when nearly three-quarters of counties (74.3%) reported having adequate capacity across 15 or more of their services.

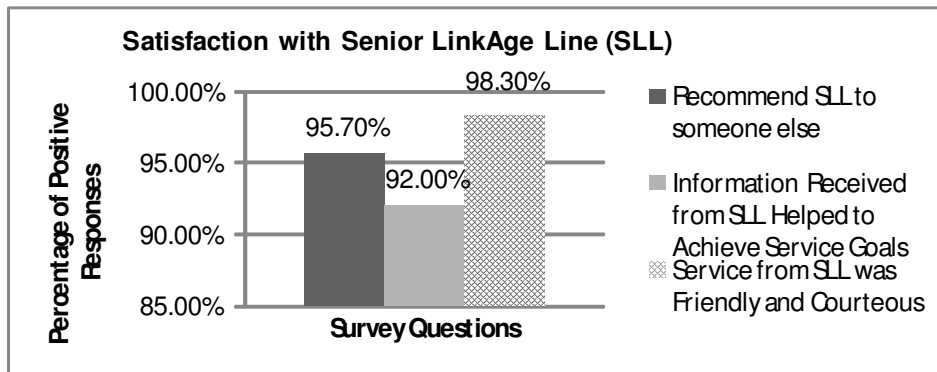
Year	Average Number of Services* with Adequate Capacity by County (out of 19 services)
2005	16
2007	14
2009	14

Data Source: 2005-2009 LTC Gaps Analysis Surveys of counties. Counties are surveyed every two years on any changes in capacity and current capacity across a variety of home and community-based services and housing options.

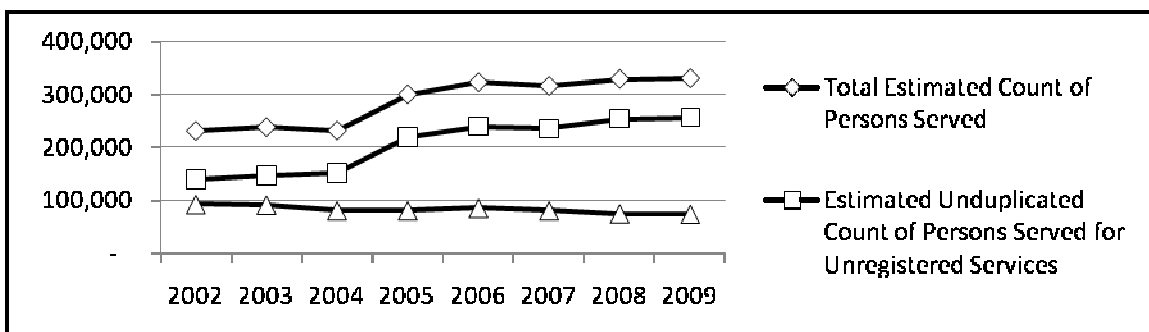


* Due to changes in the services included in each survey year, this analysis includes only the 19 services common across each service year: Adult Day Care, Adult Protection, Chore Service, Companion Service, End-of-life, Hospice, Palliative Care, Fiscal Support Entities (CDCS), Guardianship/Conservatorship, Home Delivered Meals, Home Health Aide, Home Modifications and Adaptations, Homemaker Service, Insurance Counseling/Forms Assistance, Long Term Care Consultation/Community Assessment, Non-County Case Management, Non-County Information/Referral and Assistance, Relocation Service Coordination, Respite Care, In Home, Skilled Home Nursing Care, and Transportation.

- **Level of consumer satisfaction with the Senior LinkAge® Line**



- **Number of people served by the Older American’s Act Title III services (non-entitlement)**



A “registered service” requires a detailed client profile and is for more specified needs, such as personal care, homemaker, chore, home-delivered meals, adult day care, case management, assisted transportation (need an escort), congregate meals, and nutrition counseling. An “un-registered service” does not require a client profile and includes such services as transportation, information and referral, outreach, nutrition education, and legal assistance.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Aging and Adult Services Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on these grants, contact Aging and Adult Services Division at (651) 431-2600.

Information on DHS programs is on the department’s website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: AGING & ADULT SERVICES GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,899	10,175	10,175	10,175	20,350
Technical Adjustments					
Current Law Base Change			12,159	12,335	24,494
Subtotal - Forecast Base	9,899	10,175	22,334	22,510	44,844
Governor's Recommendations					
Aging Grant Reduction		0	(3,600)	(3,600)	(7,200)
Low Needs NF Case Mix		0	100	100	200
Reduce Provider Rates & Grants		0	(922)	(1,012)	(1,934)
Federal Compliance: Eligibility Changes		0	(6,410)	(7,279)	(13,689)
Total	9,899	10,175	11,502	10,719	22,221
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	10,518	10,795	11,502	10,719	22,221
Statutory Appropriations					
Miscellaneous Special Revenue	200	187	187	187	374
Federal	19,424	22,034	21,688	20,905	42,593
Federal Stimulus	1,573	287	208	0	208
Total	31,715	33,303	33,585	31,811	65,396
<u>Expenditures by Category</u>					
Other Operating Expenses	(3)	0	0	0	0
Payments To Individuals	0	377	482	168	650
Local Assistance	31,718	32,926	33,103	31,643	64,746
Total	31,715	33,303	33,585	31,811	65,396

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: DEAF & HARD OF HEARING GRANTS

Narrative

Activity at a Glance

- 22,000 people receive services in FY 2009.
- 20 programs funded in FY 2009.
- Specialized services that allow some of the most vulnerable Minnesotans, including those who are deafblind and those who have hearing loss and are seriously mentally ill, to live in their communities.

Activity Description

Deaf and Hard of Hearing Grants provides statewide services that enable at-risk Minnesotans who are deaf, deafblind, or hard of hearing to gain and maintain the ability to live independently and participate in their families and communities.

Population Served

Deaf and Hard of Hearing Grants serves

- children and adults who are deafblind;
- children who are deaf, deafblind, or hard of hearing and have emotional/behavioral disorders;
- adults who are deaf, deafblind, or hard of hearing and have mental illness;
- families with children who are deaf and learning American Sign Language;
- individuals with hearing loss who rely on captioning to access live news programming; and
- individuals with hearing loss who use sign language interpreting services.

Services Provided

Sign language interpreter referral and interpreter-related services allow deaf, hard of hearing, and deafblind Minnesotans to access core services such as courts, medical care, mental health services, law enforcement, and educational programs. Services include coordination and placement of qualified sign language, oral, cued-speech, and emergency on-call interpreters; interpreting services for chemical health support groups; and advocacy for communication access in emergency situations.

Deafblind grants support adults who are both deaf and blind so they can live independently and stay in their own homes. These grants also provide services to deafblind children and their families that result in enhanced communication skills and community integration and that teach siblings and parents the skills needed to support the deafblind child within the family. Supports include one-to-one services and assistive technology.

Specialized mental health services assist children, youth, and adults who are deaf, hard of hearing, or deafblind and who have emotional and behavioral disorders or mental illness. Grants provide linguistically and culturally appropriate services including home-based outreach supports, a drop-in center, inpatient therapy, outpatient therapy, family counseling, and educational opportunities for families, schools, and mental health providers.

Mentor services are provided to families that have children with hearing loss who choose to use American Sign Language (ASL) for family communication. Mentors teach ASL to parents and family members, help parents learn about deaf culture, introduce families to local deaf community members, and serve as role models for the child who is deaf.

Real-time television captioning grants allow deaf, deafblind, and hard of hearing consumers in greater Minnesota access to live local news programming from some public and commercial television stations. Access to information is a key factor in reducing isolation and promoting community involvement for individuals with hearing loss.

Historical Perspective

Minnesota has long recognized that the ability to meet one's basic needs and be safe can easily be put at risk when a person has a hearing loss. Hearing loss is isolating because it impacts a person's ability to communicate with others – family, neighbors, friends, and service providers. It also has a detrimental effect on the 'information storehouse' each of us develops over our lifetime because it impedes the ability for direct learning such as participating in a classroom, listening to the radio or television, taking online courses, etc. More importantly, it impedes indirect learning. A compounding factor is the age at which an individual loses their hearing. If a person is born with a significant hearing loss or develops a hearing loss prior to the development of spoken language, the natural process for developing language (listening and imitating sounds) is compromised. This means that English must be intentionally taught because it can no longer be acquired simply by being exposed to it.

Since the early 1980s, Minnesota has had a system of supports for individuals who are deaf, deafblind, and hard of hearing. Services have evolved over time and now focus on the segment of the population that continues to be vulnerable because of the compounding effects of hearing loss, especially when coupled with other disabilities.

The Deaf and Hard of Hearing grants support a network of services for the most vulnerable Minnesotans with hearing loss. Some of these are adults who are at risk for institutionalization because their hearing loss complicates the treatment and service options for their other disabilities (mental health issues, blindness). Some of these are children

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: DEAF & HARD OF HEARING GRANTS

Narrative

who are at risk for delayed language and social/emotional development. Others are individuals who live in more remote areas of the state where local services that are designed to accommodate hearing loss are sparse or non-existent.

These grants are administered within DHS by the Deaf and Hard of Hearing Services (DHHS) Division. The division offers a network of services, including regional offices throughout Minnesota, to assist vulnerable individuals who are deaf, deafblind, or hard of hearing as they try to gain access to services and to provide resources and information to families and service providers. The DHHS regional offices now also house the DHHS mental health program, which evolved following the closing of the Deaf Services unit at St. Peter Regional Treatment Center. The Telephone Equipment Distribution (TED) program, funded by the Telecommunications Access Fund in the Department of Commerce, also operates out of the DHHS regional offices. TED provides adaptive telephone equipment to people with a hearing loss or speech or mobility disabilities who meet eligibility criteria and need such equipment to access telecommunications services.

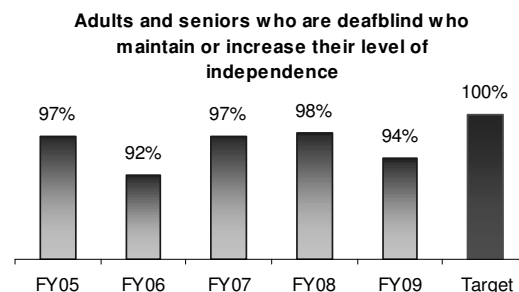
In 1985 the Minnesota Legislature created the Minnesota Commission Serving Deaf and Hard of Hearing (MCDHH), now called the Commission of Deaf, Deafblind and Hard of Hearing Minnesotans. The primary focus of this commission is to advocate for equal opportunity for Minnesotans who are deaf, hard of hearing, and deafblind. Unlike the Deaf and Hard of Hearing Services regional offices and grant programs that offer direct services to consumers, the MCDHH's purpose is to convene stakeholders; identify barriers that prevent success and access to services; propose policy and program solutions; and make recommendations to the governor, legislature, and state departments. MCDHH is a fifteen-member, governor-appointed board supported by department staff.

Key Activity Goals & Measures

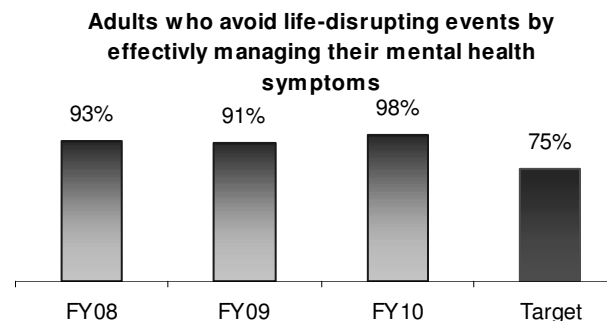
- **People in need will receive support that helps them live as independently as they can.** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- **Improve outcomes for the most at-risk children.** This goal is from *DHS Priorities 2010* (<http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-5267-ENG>).
- **To support and enhance quality of life for older people and people with disabilities.** This goal is from the *DHS Continuing Care Strategic Plan*.

Key measures are

- **Adults and senior citizens who are deafblind maintain or increase their level of independence;** Adults and older individuals who have hearing loss and an additional disability of vision loss need supports in order to conduct routine daily activities, access information, and communicate with others; with the right supports at the right time, individuals who are deafblind are able to live independently and integrate into their communities.



- **Adults who are deaf, deafblind, or hard of hearing and have a psychiatric disorder who avoid life-disrupting events by effectively managing their mental health symptoms** - Individuals with psychiatric conditions and disorders that disrupt their thinking, emotions, mood, ability to relate to others, and overall daily functioning are at-risk for experiencing life-disrupting events. These are events that result in serious injury, loss of housing or employment, commitment, hospitalization, and/or encounters with law enforcement. When an individual with a psychiatric condition also has a significant hearing loss, his or her ability to avoid these life-disrupting events may be diminished even more unless the person has access to the right supports at the right time. Research has shown that, for individuals who are deaf and use American Sign Language (ASL), the delivery of direct mental health services requires clinicians to be fluent in ASL and trained in the delivery of culturally and linguistically affirmative services in addition to mental health expertise..



HUMAN SERVICES DEPT

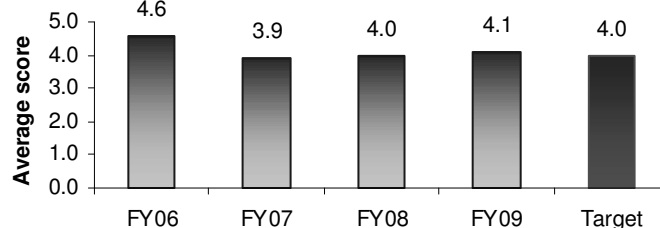
Program: GRANT PROGRAMS

Activity: DEAF & HARD OF HEARING GRANTS

Narrative

- Children and youth who are deaf or hard of hearing and have emotional or behavioral disorders report that specialized mental health services help them improve their lives** - Young people with significant hearing loss face barriers in communication, in gaining access to information, and in learning social norms. Emotional and behavioral issues compound the individual's ability to function successfully in society. Appropriate therapy requires therapists who are fluent in American Sign Language and trained in the delivery of mental health services to people who are deaf or hard of hearing.

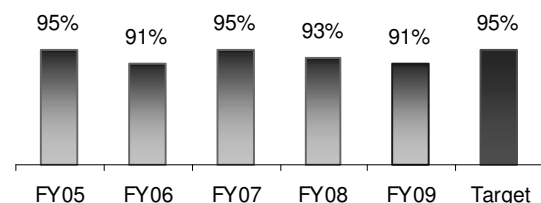
Children and youth who are deaf, deafblind or hard of hearing with emotional/behavioral disorders who report that mental health services help them improve their life



Average of responses to the statement: "My therapist helps me improve my life"
5 = Strongly agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly disagree

- Requests for sign language interpreter services in greater Minnesota that are successfully filled, including emergency requests received with less than 24 hours notice** - Interpreting services are critical for people who are deaf to be able to live independently, be self-sufficient, and access core services. Because of the vast geographic area of greater Minnesota and the relatively short supply of qualified interpreters, state grant funding supplements a referral service to ensure that interpreting services are available. The challenge in meeting the target percentage is related to finding interpreters for last minute emergency requests. Historically, the target has been consistently met for non-emergency requests.

Interpreter requests in Greater Minnesota that are successfully filled, including requests received with less than 24 hours notice



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Deaf & Hard of Hearing Grants for sign language interpreter referral and development, deafblind, specialized mental health services, and mentor services are 100% state funded with appropriations from the general fund.

Television captioning grants are 100% state funded by special revenue through the Telecommunications Access Minnesota (TAM) fund. TAM is administered by the Department of Commerce; grant dollars come to DHS through an interagency agreement.

Contact

For more information on these grants, contact the Deaf and Hard of Hearing Services Division at (651) 431-2355. Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: DEAF & HARD OF HEARING GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,930	1,748	1,748	1,748	3,496
Technical Adjustments					
Approved Transfer Between Appr			(150)	(150)	(300)
Current Law Base Change			338	169	507
Subtotal - Forecast Base	1,930	1,748	1,936	1,767	3,703
Total	1,930	1,748	1,936	1,767	3,703
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,821	1,609	1,936	1,767	3,703
Statutory Appropriations					
Miscellaneous Special Revenue	197	264	240	240	480
Total	2,018	1,873	2,176	2,007	4,183
<u>Expenditures by Category</u>					
Other Operating Expenses	0	24	0	0	0
Local Assistance	2,018	1,849	2,176	2,007	4,183
Total	2,018	1,873	2,176	2,007	4,183

Activity at a Glance

- The FSG program serves 1,800 children at an annual average cost of \$2,300 per child (CY 2008 data).
- The CSG program serves 1,200 individuals at a monthly average cost of \$1,100 per recipient.
- SILS serves 1,500 adults with disabilities at an annual average cost of \$5,600 per recipient (CY 2008 data).
- HIV/AIDS programs help 1,700 people living with HIV/AIDS pay for HIV-related prescription drugs, insurance costs, dental, nutritional, mental health, case management, and other support services. The program serves over 25% of the people with known HIV infection in Minnesota.
- DLL had 32,200 contacts, served 15,700 people, and participated in 200 outreach and education events in FY 2010.
- Region 10QA provides alternative quality-based licensing of DD waiver programs in two SE Minnesota counties and offers person-centered service quality assessments throughout the region.
- Housing Access Services helped 70 people relocate in FY 2010.
- Advocating Change Together received \$127,000 in FY 2010 to develop a self-advocacy network.

Activity Description

Disabilities Grants includes a variety of programs to provide community service options for individuals with disabilities, to provide support to lead agencies, and to develop and maintain a system-wide infrastructure.

Population Served

The target population for each of the programs varies:

- Family Support Grant (FSG) serves families whose annual adjusted gross income is less than \$88,170 and who have a child with a certified disability.
- Consumer Support Grant (CSG) is available for people who are eligible for MA as an alternative to home care.
- Semi-Independent Living Services (SILS) serves people who are at least 18 years old, have a developmental disability, require a level of support that is not at a level that would put them at risk of institutionalization, and require systematic instruction or assistance to manage activities of daily living.
- HIV/AIDS programs serve people living with HIV/AIDS who have incomes under 300% of the federal poverty guideline (FPG) and cash assets under \$25,000.
- Housing Access Services provides assistance to people who qualify for waiver or home care services and want to move out of a licensed setting or family home into their own home.
- Advocating Change Together works to establish a statewide self-advocacy network for adults with disabilities.
- Alternatives to corporate foster care grants are available to provide options to support individuals with disabilities in their own homes through the use of technology.

- Technology grants for the support of the comprehensive assessment will be made available to lead agencies, including counties, tribes, and health plans.
- Minnesota Disability Health Options (MnDHO) transition grants will be available to counties to assist individuals transitioning from MnDHO to Medicaid fee-for-service
- Disability Linkage Line (DLL) serves people with disabilities and chronic illnesses and their families, caregivers, or service providers. No caller is turned away from receiving information from DLL.
- Region 10 Quality Assurance alternative licensing serves people who live in Fillmore and Olmsted counties and receive services through the state's Developmental Disabilities (DD) Medicaid waiver program. Region 10 QA also makes its person-centered assessments of service quality available to individuals with all disabilities throughout southeastern Minnesota.

Services Provided

- FSG provides cash to families to offset the higher-than-average cost of raising a child with a certified disability. The maximum grant per family is \$3,060 per year per eligible child. Allowable expenses include computers, day care, educational services, medical services, respite care, specialized clothing, special dietary needs, special equipment, and transportation.
- CSG helps families purchase home care, adaptive aids, home modifications, respite care, and other assistance with the tasks of daily living. Recipients receive a grant amount less than or equal to the state share of the amount of certain home care services they would receive under Medical Assistance (MA).
- SILS is used by adults with developmental disabilities to purchase instruction or assistance with nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and transportation skills.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: DISABILITIES GRANTS

Narrative

- HIV/AIDS programs assist enrollees with premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- Housing Access Services provides a grant to a non-profit organization to help individuals move out of licensed settings or family homes into their own homes.
- DLL provides one-to-one assistance to help people learn about their options and connect with the supports and services they choose. Inquiries include requests for information and referrals on disability benefits programs, employment, home modifications, assistive technology, personal assistance services, transitional services, accessible housing, social activities, and disability rights.
- Region 10 QA combines traditional compliance-based provider reviews with VOICE, an innovative, person-centered assessment of the value and quality of services received and experienced by individuals with disabilities. Through active inclusion in this process, people with disabilities and their communities benefit by participating in local guidance and oversight of quality improvement efforts undertaken by service providers and participating counties.

Historical Perspective

Beginning in 1983 with SILS and FSG, Minnesota established programs that emphasize self reliance, personal responsibility, and consumer direction for people with disabilities. In 1995, Minnesota took another step by offering the CSG program, which lets people choose to access the state share of MA funds through a cash and counseling model. These programs have laid the ground work for the consumer-directed options now available across all Minnesota long-term care waivers.

The HIV/AIDS program began in 1987 with the desire to keep private insurance policies in place for people living with HIV/AIDS and at the same time provide access to a limited scope of additionally needed services and products. Need for the program continues to climb as the number of people living with HIV in Minnesota increases.

To make access to services more streamlined at the state level, responsibility for case management of services to people with HIV was consolidated at the Department of Human Services (DHS) in 2001. In 2004, in response to increasing budget pressures, the HIV/AIDS program implemented a cost-sharing requirement for individuals enrolled in the program. By May 2006, more than 450 individuals were assessed a cost share, with only eight people being deemed programmatically ineligible due to failure to pay. A tightening of policies, staff commitment, and client follow-through have supported the cost-sharing strategies in bringing fiscal balance to the program through FY 2008. On 12-1-07, cost share was suspended due to a funding increase from the federal Ryan White HIV/AIDS Treatment Modernization Act of 2006. The suspension is temporary and cost sharing may be resumed when necessary.

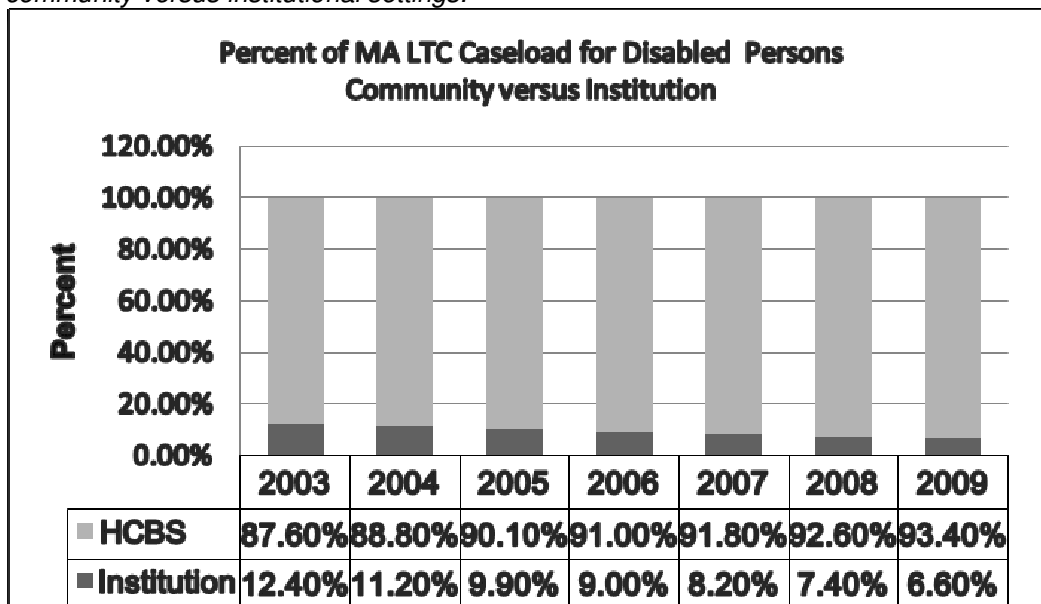
In 2001 DHS' Disability Services Division conducted a planning initiative to assess what changes were needed in Minnesota to better support community living for people with disabilities. Feedback from all participant groups was that a major redesign of the information system for people with disabilities was needed. Because the information system was fragmented, consumers were not aware of their options, could not make informed decisions, and were at greater risk of ending up in institutional settings. In response, Disability Linkage Line was created to build a statewide network and call center for all disability-related questions. Pilot services were launched in the summer of 2004. DLL services were expanded statewide in the spring of 2005.

In 1995, stakeholders from the 11 counties in southeastern Minnesota (Region 10) held a meeting to discuss the service system for persons with disabilities. A priority for the stakeholders was to assure the quality of services to persons with disabilities despite whatever changes were made at the state or federal level. The stakeholders worked with state lawmakers to develop and pass legislation that allows counties to participate in an alternative QA licensing system that focuses on quality and value-based outcomes of service providers versus minimal licensing requirements. A Region 10 QA Commission, composed of members drawn from the community of stakeholders, was established to oversee the development and ongoing implementation of this QA system. In 1997, Region 10 QA received approval from DHS to implement an alternative set of quality assurance standards and related licensing procedures that replaced current compliance-based rules and regulations for licensed providers supporting people with developmental disabilities. Funding for the Region 10 QA Commission was eliminated by the 2009 legislature and a portion of the funding was reinstated by the 2010 legislature. Currently, two of the eleven Region 10 counties are participating in the formal alternative licensing process.

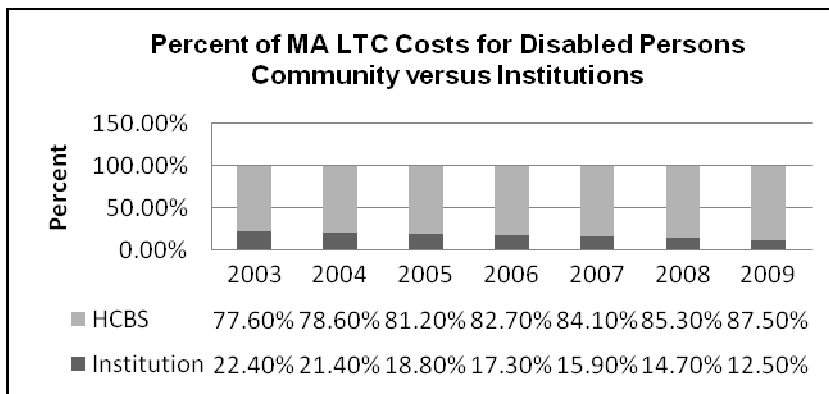
During the 2008 session, the Minnesota legislature provided funding and directed the commissioner of human services to create housing access services to support eligible people with disabilities who seek to live in their own homes using state plan home care services or long term care waiver services.

Key Activity Goals & Measures

- **The Continuing Care Administration strives to improve the dignity, health, and independence of the people it serves.** By doing so, Minnesotans will live as independently as possible; enjoy health, with access to quality health care; have safe, affordable places to live; be contributing and valued members of their communities; and participate in rewarding daily activities, including gainful employment. This goal is derived from the DHS Continuing Care Administration’s mission and vision.
- **Support and enhance the quality of life for people with disabilities.** Minnesota’s long-term care service programs support people with disabilities who do not have the resources to meet their own needs. These supports keep people safe and healthy so they can have a good quality of life and live with dignity. This goal is from the DHS Continuing Care Administration Strategic Plan.
 - *Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings.*



- Percentage of public long-term care dollars expended in community versus institutional settings for people with disabilities.



Both of these measures capture the extent to which the long-term care system is able to support people with disabilities in the community and allow them to live independently.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: DISABILITIES GRANTS

Narrative

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Disabilities Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on Disabilities Grants, contact the Disabilities Services Division, (651) 431-2400.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: GRANT PROGRAMS
Activity: DISABILITIES GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	19,201	14,427	14,427	14,427	28,854
Technical Adjustments					
Current Law Base Change			7,154	8,992	16,146
Transfers Between Agencies			119	119	238
Subtotal - Forecast Base	19,201	14,427	21,700	23,538	45,238
Governor's Recommendations					
Reduce Certain Congregate Living Rates		0	250	250	500
Reduce Provider Rates & Grants		0	(1,364)	(1,540)	(2,904)
Total	19,201	14,427	20,586	22,248	42,834
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	30,704	29,734	20,586	22,248	42,834
Statutory Appropriations					
Miscellaneous Special Revenue	3,343	7,564	6,460	6,350	12,810
Federal	7,645	10,150	8,258	6,589	14,847
Total	41,692	47,448	35,304	35,187	70,491
<u>Expenditures by Category</u>					
Other Operating Expenses	663	372	560	559	1,119
Payments To Individuals	7,928	14,815	19,083	21,216	40,299
Local Assistance	33,101	32,261	15,661	13,412	29,073
Total	41,692	47,448	35,304	35,187	70,491

Activity at a Glance

- Provides mental health case management to 22,600 adults annually.
- Provides community support services to 21,300 people annually.
- Provides residential treatment to 2,200 people annually.
- Provides Assertive Community Treatment (ACT) to 2,300 people annually.
- Provides crisis services to 5,900 people and crisis housing to 2,300 people annually.
- Provides compulsive gambling treatment to 1,000 people annually.

Activity Description

Adult Mental Health Grants serves Minnesotans with mental illness, spurs development of non-institutional treatment options, and pays for mental health services for people when they cannot afford to pay. This activity supports the overall objective of promoting assistance for people to live independently, when possible, and, when not, to live in treatment settings that are clean, safe, caring, and effective. These grants are used in conjunction with other funding, particularly Medical Assistance (MA) and Group Residential Housing (GRH).

Population Served

Approximately 211,000 Minnesota adults have a serious mental illness (SMI) such as schizophrenia, major depression, and bipolar disorder. Of that total, 75% (158,000) are estimated to be in the public mental health system. This compares to about 55,000 people who actually received these services in FY 2009 (based on county reports to the Community Mental Health Reporting System).

These grants primarily serve adults with serious mental illness. (This definition does not include people with developmental disabilities or chemical dependency unless these conditions co-exist with mental illness.) This grant area includes a few grants that serve both adults and children. (Grants that only serve children are in the Children's Mental Health Grants budget activity.)

Services Provided

Mental Health Grants support a variety of services.

- *Adult Mental Health Initiative/Integrated Fund* supports the continued availability of community-based services and alternative service delivery models to reduce reliance on facility-based care. Integration of grants at the county level allows administration to be more effective and efficient. During the past year, all Adult Mental Health Initiatives (serving 87 counties) have received additional *Crisis Services Grants* to continue to build capacity for mobile crisis teams and crisis stabilization services and to provide ongoing funding for crisis services for individuals who are underinsured or uninsured.
- *Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78)* are distributed to counties for client outreach, medication monitoring, independent living skills development, employability skills development, psychosocial rehabilitation, day treatment, and case management if Medicaid is inadequate or not available. These funds are allocated by formula, primarily based on a county's population and are used primarily to provide these services to eligible individuals who are uninsured or underinsured.
- *Adult Residential Grants (Rule 12)* pay the non-federal share of the program component of intensive residential treatment facilities for people with mental illness. These grants are now fully integrated into the adult mental health initiative/integrated fund.
- *Crisis Housing* provides financial help when people are hospitalized and need help to maintain their current housing. Eligible people need to be in inpatient care for up to 90 days and have no other source of income to pay housing costs.
- *Regional Treatment Center (RTC) Alternatives* pays for extended inpatient psychiatric services ("contract beds") in community hospitals for people who are committed or who would be committed if these community services were not available. This is part of a package of expanded community mental health services for the area formerly served by non-metro RTCs.
- *Federal Mental Health Block Grant* funds are used to demonstrate innovative approaches based on best practices that, based on evaluation results, could be implemented statewide. Minnesota has allocated about half of the federal block grant for children's mental health. At least 25% is used for Indian mental health services, not more than 15% for planning and evaluation, and not more than 5% for statewide administration. Grants provided for Indian mental health services fund nine projects on reservations and two in the metro area. In addition, the federal block grant has been used to provide education and information to both families who have a relative with mental illness and to the general public to reduce stigma, to promote the

establishment and operation of a state-wide mental health consumer organization, and to increase the effectiveness of Local Advisory Councils who provide input to county boards across the state.

- *Projects for Assistance with Transition for the Homeless (PATH)* funds, from the federal McKinney Act, are provided to counties to address mental illness among the homeless. Grants to counties are made in combination with Rule 78 Community Support Program funds.
- *Mental Health Infrastructure Grants* are provided to counties and non-profit providers to develop housing with support services, culturally-competent services, provider skills, implementation and capacity to use evidence-based and research-informed practices in direct service, and capacity building for individuals with serious mental illness who have served in jails or who interface with law enforcement.
- *Compulsive Gambling Treatment and Education* funds inpatient and outpatient treatment programs on an individual client, fee-for-service basis. The program also pays for research, public education and awareness efforts, in-service training for treatment providers, and a statewide toll-free, 24-hour helpline.

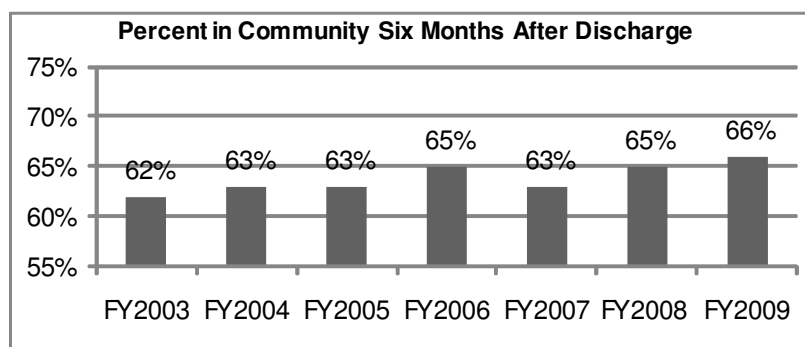
Historical Perspective

Federal restrictions that prohibit the use of Medicaid for adults in Institutions for Mental Diseases (IMDs)¹ have required the state to rely on state General Fund grant programs to a much larger degree than programs serving other populations, such as the elderly or developmentally disabled. During the past several years, Minnesota has made progress in expanding the range of non-residential community mental health services and maximizing federal reimbursement for these services. Intensive Residential Treatment, Crisis Response Services, Adult Rehabilitative Mental Health Services, Assertive Community Treatment, Certified Peer Specialists, and Intensive Outpatient for Dialectical Behavior Therapy have been added as benefits under the Medicaid program. These services are intended to assist with reducing reliance on more costly institutional care.

Over 80% of the funds in this activity are used by counties to pay for staff providing direct services to adults with serious mental illness.

Key Activity Goals & Measures

- ***Develop effective and accountable mental health and chemical health systems.*** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical and mental health services, systematically monitor outcomes, and integrate chemical, mental, and physical health systems. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
- Percent of adults with serious mental illness who remained in the community six months after discharge from an inpatient psychiatric setting. This measure gives an indication of the effectiveness of the community-based system to provide the range of services that allow individuals to be as independent as possible in the community.



¹ Institution for Mental Diseases (IMD) is a classification under Medicaid that denotes a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases.

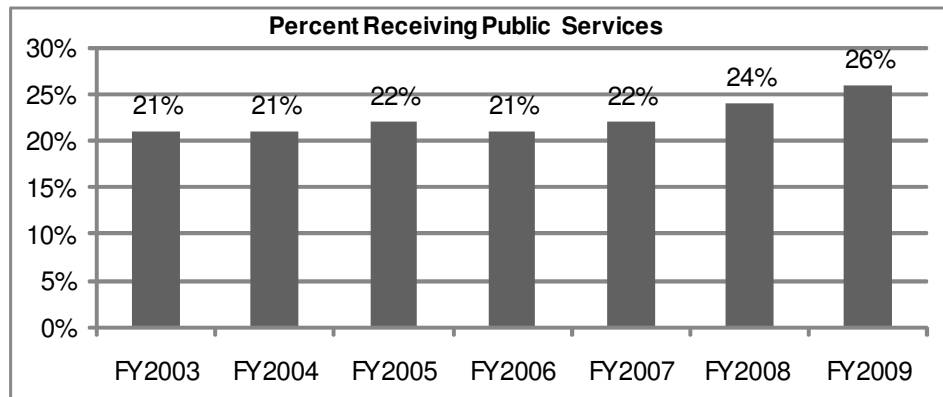
HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: ADULT MENTAL HEALTH GRANTS

Narrative

- **Percent of adults with serious mental illness who are receiving public mental health services.** This indicator, which is often referred to as the “penetration rate,” measures access to needed services.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Adult Mental Health Grants is funded with appropriations from the General Fund, lottery fund, and special revenue fund, as well as from federal funds.

Contact

For further information about Mental Health Grants, please contact Chemical and Mental Health Services, (651) 431-2240.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: ADULT MENTAL HEALTH GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	72,539	69,835	69,535	69,535	139,070
Technical Adjustments					
Current Law Base Change			8,004	8,004	16,008
Subtotal - Forecast Base	72,539	69,835	77,539	77,539	155,078
Total	72,539	69,835	77,539	77,539	155,078
Health Care Access					
Current Appropriation	750	750	750	750	1,500
Subtotal - Forecast Base	750	750	750	750	1,500
Total	750	750	750	750	1,500
Lottery Cash Flow					
Current Appropriation	1,428	1,429	1,429	1,429	2,858
Technical Adjustments					
Current Law Base Change			79	79	158
Subtotal - Forecast Base	1,428	1,429	1,508	1,508	3,016
Total	1,428	1,429	1,508	1,508	3,016
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	71,160	71,643	77,539	77,539	155,078
Health Care Access	750	750	750	750	1,500
Lottery Cash Flow	1,427	1,430	1,508	1,508	3,016
Statutory Appropriations					
Miscellaneous Special Revenue	231	251	340	340	680
Federal	4,888	8,964	5,716	5,716	11,432
Total	78,456	83,038	85,853	85,853	171,706
<u>Expenditures by Category</u>					
Other Operating Expenses	1,422	568	400	400	800
Local Assistance	77,034	82,470	85,453	85,453	170,906
Total	78,456	83,038	85,853	85,853	171,706

Activity at a Glance

In FY 2008:

- 10,000 children in the child welfare and juvenile justice systems received mental health screenings
- 10,000 children received case management services

Activity Description

Children's Mental Health Grants funds statewide community-based mental health services.

Population Served

Children's Mental Health Grants funds treatment services for children, from birth to age 21, who have psychiatric diagnoses and need mental health services.

Services Provided

Children's Mental Health Grants fund development of local service delivery capacity, specifically targeting Minnesota children with diagnosed mental illness and young children showing problems with healthy mental development. Resources are targeted strategically to enhance statewide capacity to identify mental health problems at the earliest possible stage, expand access to scientifically-supported treatment in normal childhood environments, measure the success of treatment, and support families through the extraordinary stresses of raising challenging children.

Children's Mental Health Grants funds community, school, and home-based children's mental health services provided by non-profit agencies, schools, Medicaid-enrolled mental health clinics, tribes, counties, and culturally-specific agencies. While the public mental health system is responsible for the full continuum of children's mental health treatment interventions and ancillary services, grants cover treatment services for children who are uninsured or whose family insurance does not cover necessary mental health services. Additionally, grants fund coordination of physical healthcare and developmental disabilities services and build community alternatives to inpatient hospitalization and residential treatment.

Children's Mental Health Grants funds the following activities

- school-based and school-linked mental health infrastructure development statewide;
- early childhood mental illness identification and intervention in multiple settings, including primary care, pre-school, child care/Head Start, and homes;
- evidence-based practices development, implementation, and measurement;
- crisis intervention infrastructure statewide;
- respite care service capacity statewide;
- culturally-specific provider growth and cultural minority families' access enhancement;
- mental health screening for children and adolescents in the child welfare and juvenile justice systems; and
- children's mental health case management statewide.

Historical Perspective

Medical science has evolved rapidly in understanding the causes and treatment of mental illness. This has changed the focus of the state's children's mental health care system in recent years. Focus has evolved from reducing aberrant behavior and offering a life-time of social and functional supports intended to help children and families merely cope with mental illness. It has moved, instead, to ameliorate mental illness: to improving access to the most effective treatments, to finding and intervening earlier when treatment is most effective, and to improving quality by measuring results so as to determine the most effective treatment for each combination of diagnosis and demographic characteristics. Effectiveness can be improved by insisting that mental health care is based on a thorough diagnosis of the illness and the preparation of an individualized treatment plan. Payment for mental health treatment requires qualification as a licensed mental health professional and more clinical training opportunities are being provided to these professionals.

State appropriations for children's mental health grants started with the passage of the Comprehensive Children's Mental Health Act in 1989, with a \$3 million annual appropriation to support the development of family community support mental health case management services for children with severe emotional disturbance. This was augmented over the course of the 1990s with funds to expand on the availability of community-based children's mental health services as well as some more targeted grants:

- to support the development of regional children's mental health collaboratives;
- to continue services for children with severe emotional disturbance who had lost access to personal care services due to a tightening of eligibility criteria under the Medical Assistance program's TEFRA option, and;
- for services to children with severe emotional disturbance with histories of violent behavior.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN'S MENTAL HEALTH GR

Narrative

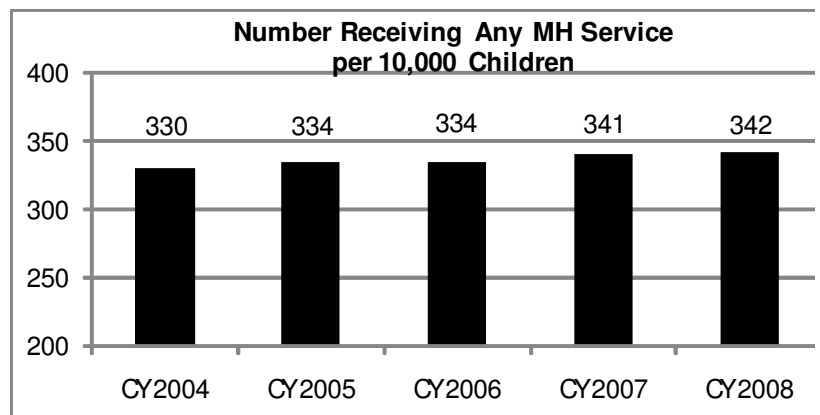
By 2002, dedicated state children's mental grants had grown to over \$20 million annually. Beginning in state fiscal year 2004 dedicated state children's mental health grants were largely eliminated and the funding transferred into the Children and Community Services Block Grant, giving counties more discretion on the services provided and the populations served with the funds. Almost immediately, the need for dedicated children's mental health grant funds became apparent and was addressed through appropriations for the grant programs listed above in the previous section.

In the larger context, state children's mental health grants amount to about 12% of \$198 million in annual public spending for children's mental health services, while county discretionary spending (27%) and Minnesota Health Care Programs (56%) are the two largest funding sources.

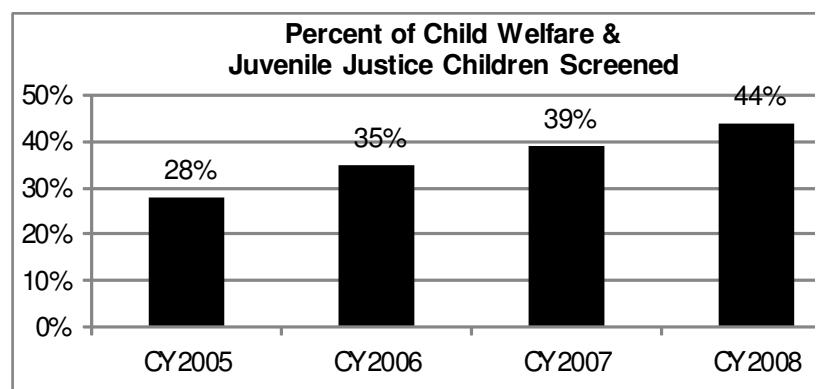
Key Activity Goals & Measures

- **Develop effective and accountable mental health and chemical health systems.** The Department of Human Services is implementing steps to support research-informed practices in children's mental health service delivery, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Service Penetration Rate. One indicator of service utilization is to measure how deeply into the general population of Minnesota's children does the utilization of publicly-financed mental health services reach. By comparing this measure over a number of years, some indication is given as to whether use of mental health services is changing over time. By measuring service utilization per 10,000 children in the general population, year-to-year population shifts are taken out of consideration and use of services can be compared across years. This is not an indicator of need for services.



Percentage of children involved in the child welfare system who received a mental health screening. Since July 1, 2004, counties have been required to conduct mental health screenings for children in the child welfare and juvenile justice systems. With recent research showing that 70% of adolescents in juvenile justice placements have a diagnosable psychiatric illness, the juvenile corrections system has moved to identify those who need treatment. Children identified as being at risk of needing child protection services often have treatable psychiatric disorders that can be identified and treated through the state's screening grants.



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Children's Mental Health Grants is funded by appropriations from the General Fund.

Contact

For more information about this activity, contact Children's Mental Health, (651) 431-2321. Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CHILDREN'S MENTAL HEALTH GR

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	16,685	16,682	16,682	16,682	33,364
Subtotal - Forecast Base	16,685	16,682	16,682	16,682	33,364
Total	16,685	16,682	16,682	16,682	33,364
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	17,761	17,504	16,682	16,682	33,364
Total	17,761	17,504	16,682	16,682	33,364
<u>Expenditures by Category</u>					
Other Operating Expenses	71	0	0	0	0
Local Assistance	17,690	17,504	16,682	16,682	33,364
Total	17,761	17,504	16,682	16,682	33,364

Activity at a Glance

- Provides prevention services to more than 29,500 youth each year.
- Provides intervention and case management services to 1,800 pregnant women and women with children annually.
- Provides intervention and case management services, including treatment supports and recovery maintenance, to an additional 7,000 individuals in special populations each year.
- Provides training for 2,700 chemical dependency professionals annually.

Activity Description

Chemical Dependency (CD) Non-Entitlement Grants pays for statewide prevention, intervention, treatment support, recovery maintenance, and case management services, including culturally appropriate services and support. A combination of state and federal dollars supports this activity.

Population Served

CD Non-Entitlement Grants serve

- people who receive prevention services with a focus on youth and families;
- individuals who receive intervention and case management services, including pregnant women, women with dependent children, and other special populations who receive intervention and case management services, and;
- chemical dependency treatment professionals and prevention specialists who receive training on best practices.

Services Provided

State-funded non-entitlement grants support

- community drug and alcohol abuse prevention for American Indians and
- treatment support and recovery maintenance services for American Indians.

Federally-funded non-entitlement grants support

- community drug and alcohol abuse prevention for communities of color;
- women's treatment supports including subsidized housing, transportation, child care, parenting education, and case management;
- intervention and case management services, including treatment supports and recovery maintenance services for the following special populations: elderly, disabled, individuals with dual diagnoses of mental illness and chemical dependency, individuals experiencing chronic homelessness, and people involved in the criminal justice system;
- a statewide prevention resource center that provides alcohol and other drug abuse education, information, and training to Minnesota counties, tribes, local communities, and organizations, and;
- annual inspection of tobacco retailers and law enforcement agency survey to measure the degree of compliance with state laws prohibiting the sale of tobacco products to youth.

Beginning in 2006, statewide prevention activities are delivered through a seven-region prevention system. Regional prevention coordinators in each region are responsible for assessing community needs and readiness for prevention activities. They are assisting the state in planning and implementing evidence-based prevention programs to reduce substance abuse and related problems through training, technical assistance, and coalition building.

Non-entitlement funds also support the dissemination of approximately 550,000 pieces of prevention material, over 300,000 Web hits to a contracted site on alcohol, tobacco, and other drug abuse prevention, 31,500 requests for information handled by prevention resource centers, over 1,200 pieces of alcohol, tobacco, and other drug prevention material translated into Spanish, Hmong, Lao, and Somali, and over 200 public service announcements developed and disseminated to over 2,000 outlets.

Historical Perspective

Over the last decade, as research studies indicated that the prevalence of substance abuse was higher for certain populations or that some groups did not succeed in chemical dependency treatment at the same rate as the general population, specific improvement efforts were established. These efforts were designed to build prevention strategies and treatment support services that focus on the unique strengths and needs of these various populations. The need for these specialized models of prevention and treatment has grown as counties and tribes recognize the role substance abuse plays in difficult Temporary Assistance to Needy Families and Child Welfare cases.

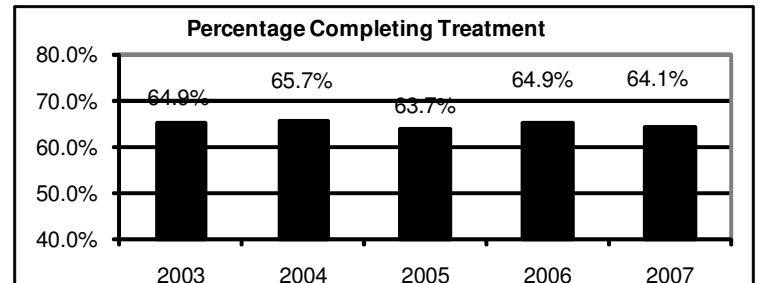
The CD Non-Entitlement Grants budget activity had historically funded Tier II and Tier III of the Consolidated Chemical Dependency Treatment Fund (CCDTF), providing treatment services for low-income individuals not eligible for entitlement-based treatment. Both Tier II and Tier III had operated on a sliding fee scale. The statutory authority for these tiers remains, but Tier II was last funded in 2003, and Tier III was last funded in 1990.

Key Program Goals and Measures

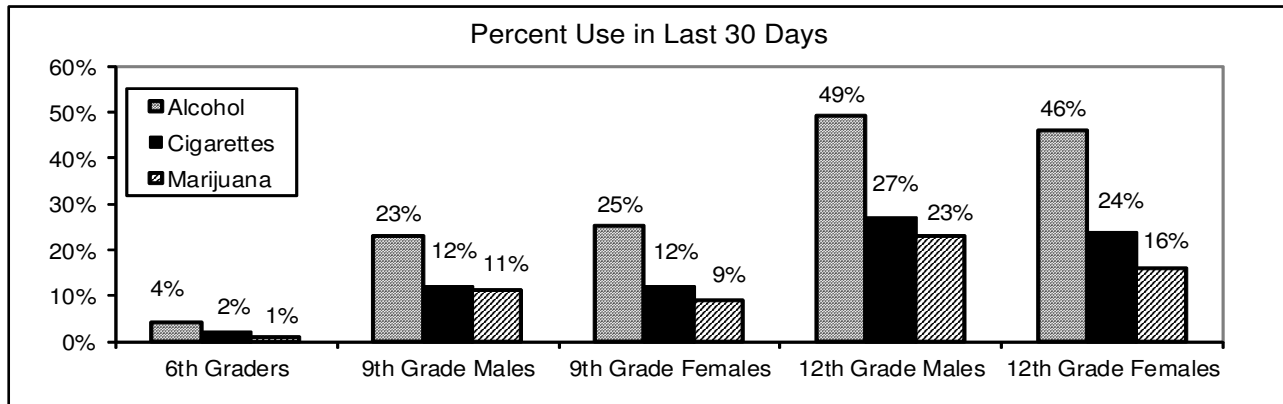
- **Develop effective and accountable chemical health systems.** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical dependency treatment and prevention, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans*, which is available on the web: <http://edocs.dhs.state.mn.us/lfsrver/Legacy/DHS-4694-ENG>.

- **Percentage of clients completing chemical dependency treatment.**

Treatment completion has been found to be a strong indicator of continued sobriety after treatment. The Minnesota Department of Human Services Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission's funding source. Below are completion results of all statewide treatment admissions in CY 2003-09:



- **Percentage of youth using alcohol, marijuana, and tobacco in the past 30 days.** The Minnesota Student Survey is conducted every three years and was last administered in the spring of 2007 to public school students in Grades 6, 9, and 12. Of the 338 public operating districts, 309 (91%) agreed to participate. Student participation was voluntary and the survey was administered anonymously. Across the state, approximately 81% of public school sixth graders, 76% of public school ninth graders, and 58% of public school twelfth graders participated in the 2007 Minnesota Student Survey. Overall participation across the three grades was approximately 72%. Below are the results of the survey:



For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Chemical Dependency Non-Entitlement Grants is funded with appropriations from the General Fund and from federal funds.

Contact

For more information on Chemical Dependency Non-Entitlement Grants, contact the Chemical Health Division, (651) 431-2460.

Information on DHS programs is available on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: GRANT PROGRAMS

Activity: CD NON-ENTITLEMENT GRANTS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,725	1,336	1,336	1,336	2,672
Subtotal - Forecast Base	1,725	1,336	1,336	1,336	2,672
Total	1,725	1,336	1,336	1,336	2,672
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,378	1,336	1,336	1,336	2,672
Statutory Appropriations					
Miscellaneous Special Revenue	1,804	1,412	1,400	1,400	2,800
Federal	14,013	19,023	14,436	14,435	28,871
Total	17,195	21,771	17,172	17,171	34,343
<u>Expenditures by Category</u>					
Other Operating Expenses	423	121	131	130	261
Payments To Individuals	1,643	1,400	1,400	1,400	2,800
Local Assistance	15,129	20,250	15,641	15,641	31,282
Total	17,195	21,771	17,172	17,171	34,343

Program Description

The purpose of the State Operated Services (SOS) program is to provide direct care treatment and support services to persons with mental illness, chemical addiction, and neurocognitive disabilities. Services for these individuals are provided by the department at a variety of community and campus-based programs and residences located throughout Minnesota.

State Operated Services also provides treatment services to persons committed by the courts as mentally ill and dangerous as a set of forensic services based in St. Peter.

Laws of Minnesota 2010, First Special Session, Chapter 1, Article 19, Section 4, directs the Chemical and Mental Health Services (CMHS) Transformation Advisory Task Force to make recommendations to the commissioner of human services and the legislature on the continuum of services needed to provide individuals with complex conditions including mental illness, chemical dependency, traumatic brain injury, and developmental disabilities access to quality care and the appropriate level of care across the state to promote wellness, reduce cost, and improve efficiency. The work of this task force is to be completed by 12-15-10.

Budget Activities

- SOS Mental Health
- Enterprise Services
- Minnesota Security Hospital

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	106,510	193,236	193,236	193,236	386,472
Technical Adjustments					
Approved Transfer Between Appr			2,500	2,500	5,000
Current Law Base Change			(8,198)	(8,306)	(16,504)
Subtotal - Forecast Base	106,510	193,236	187,538	187,430	374,968
Governor's Recommendations					
Reduce SOS Mental Health Services		0	(2,670)	(2,713)	(5,383)
Total	106,510	193,236	184,868	184,717	369,585
Federal Stimulus					
Current Appropriation	83,515	0	0	0	0
Subtotal - Forecast Base	83,515	0	0	0	0
Total	83,515	0	0	0	0

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	96,799	198,026	184,868	184,717	369,585
Federal Stimulus	83,504	1	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	15,689	15,818	15,461	15,212	30,673
Miscellaneous Agency	1,705	1,650	1,650	1,650	3,300
Gift	4	13	10	8	18
Revenue Based State Oper Serv	79,804	79,826	79,826	79,826	159,652
Mn Neurorehab Hospital Brainer	7,267	2,073	2,073	2,073	4,146
Dhs Chemical Dependency Servs	20,379	20,256	20,256	20,256	40,512
Total	305,151	317,663	304,144	303,742	607,886
<u>Expenditures by Category</u>					
Total Compensation	253,758	254,130	248,090	247,846	495,936
Other Operating Expenses	47,365	60,061	47,875	47,717	95,592
Capital Outlay & Real Property	111	8	8	8	16
Payments To Individuals	3,492	3,464	3,360	3,360	6,720
Other Financial Transactions	425	0	0	0	0
Transfers	0	0	4,811	4,811	9,622
Total	305,151	317,663	304,144	303,742	607,886
<u>Expenditures by Activity</u>					
Sos Mental Health	112,096	143,908	130,536	130,134	260,670
Enterprise Services	107,453	102,172	102,163	102,163	204,326
Minnesota Security Hospital	85,602	71,583	71,445	71,445	142,890
Total	305,151	317,663	304,144	303,742	607,886
Full-Time Equivalents (FTE)	3,491.6	3,413.8	3,344.3	3,293.0	

Activity at a Glance

- State Operated Services Mental Health provided inpatient and residential services to approximately 2,900 people in FY 2010.
- Approximately 3,700 episodes of service were provided to persons in these programs.
- The service sites ended FY 2010 with an average daily population of 261.

Activity Description

State Operated Services' (SOS) Mental Health services provide specialized treatment and related supports for persons with serious mental illness (SMI), emotional disturbances, and co-occurring neurocognitive disabilities. These services are provided in an array of facilities including psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings.

Population Served

SOS Mental Health provides treatment to youth and adults with emotional disturbances, serious mental illness, and co-occurring neurocognitive disabilities.

Services Provided

SOS Mental Health includes services delivered at psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings. Each client receives: an assessment of their mental, social, and physical health by a variety of medical professionals; an individual treatment plan, including medication management and 24-hour nursing care; and individualized discharge planning for transitioning back to an appropriate setting in the community. Service sites are located throughout the state. Existing settings include hospitals in Alexandria, Annandale, Anoka, Baxter, Bemidji, Fergus Falls, Rochester, St. Peter, and Willmar. Other service settings are located in Brainerd, Cambridge, St. Paul, Wadena, and Willmar.

Additional services are also provided in partnership with county social service agencies and mental health providers:

- *Adult Rehabilitative Mental Health Services (ARMHS):* These services instruct, assist, and support individuals in such areas as relapse prevention, transportation, illness management, and life skills.
- *Assertive Community Treatment (ACT) Teams:* These teams which provide intensive, around-the-clock supports to persons with serious mental illness in their homes, at work, and elsewhere in the community. Multidisciplinary treatment teams help stabilize an individual, allowing the individual to avoid entering a treatment facility.
- *Crisis Response:* This service provides mobile crisis teams to short-term crisis stabilization beds to assist those individuals experiencing a crisis and requiring specialized treatment.

Historical Perspective

Minnesota's policy for serving people with disabilities has emphasized a broad array of community-based treatment and support options enabling people to access the most appropriate care as close to their home community and natural support system as possible. This policy direction has resulted in the reduction in the care provided in large institutions and creation of community-based services. Services developed in the community include ARMHS, ACT, and Crisis Response services.

Key Activity Goals & Measures

- **Develop effective and accountable mental health and chemical health systems.** SOS Mental Health services operated by DHS help to ensure the health of Minnesotans and to ensure that our communities will be safe. Providing services through community-based alternatives, such as ARMHS, ACT, Crisis Response, and residential and hospital-level of care, ensures that services are focused on clients. These services are part of an effective and accountable mental health system. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfs/legacy/legacy/DHS-4694-ENG>)
 - **Percentage of patients readmitted to a state-operated psychiatric hospital compared with the national average.** This measure is under development. It will provide an indication of the community-based service system's ability to support youth and adults with emotional disturbances, serious mental illness, and neurocognitive disabilities in independent community settings.
 - **Average length of stay for adults with serious mental illness (SMI) in an acute care or intensive residential treatment setting.** This measure is under development. The average length of stay will provide an indication of the community-based service system's ability to support adults with SMI in independent community living.

For more information on DHS performance measures, see

<http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

This activity is funded by appropriations from the General Fund.

Contact

For more information on State Operated Services, contact State Operated Services Support, (651) 431-3676.

Information on DHS programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: STATE OPERATED SERVICES
 Activity: SOS MENTAL HEALTH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	106,280	109,501	109,501	109,501	219,002
Technical Adjustments					
Approved Transfer Between Appr			16,653	16,653	33,306
Current Law Base Change			(8,198)	(8,306)	(16,504)
Subtotal - Forecast Base	106,280	109,501	117,956	117,848	235,804
Governor's Recommendations					
Reduce SOS Mental Health Services		0	(2,670)	(2,713)	(5,383)
Total	106,280	109,501	115,286	115,135	230,421
Federal Stimulus					
Current Appropriation	6,850	0	0	0	0
Subtotal - Forecast Base	6,850	0	0	0	0
Total	6,850	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	89,855	128,308	115,286	115,135	230,421
Federal Stimulus	6,850	0	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	15,000	15,145	14,798	14,549	29,347
Miscellaneous Agency	390	450	450	450	900
Gift	1	5	2	0	2
Total	112,096	143,908	130,536	130,134	260,670
<u>Expenditures by Category</u>					
Total Compensation	96,430	113,734	107,695	107,451	215,146
Other Operating Expenses	15,214	29,586	17,546	17,388	34,934
Capital Outlay & Real Property	17	0	0	0	0
Payments To Individuals	424	588	484	484	968
Other Financial Transactions	11	0	0	0	0
Transfers	0	0	4,811	4,811	9,622
Total	112,096	143,908	130,536	130,134	260,670
Full-Time Equivalents (FTE)	1,154.8	1,279.0	1,241.5	1,222.3	

Activity at a Glance

In FY 2010

- Provided treatment to 2,250 persons with chemical dependency;
- Provided foster care services to 40 children and adolescents with emotional disturbances and serious acting out behaviors;
- Provided services to 780 people in community residential sites; and
- Provided day treatment and habilitation to 890 people with developmental disabilities.

Activity Description

State Operated Services' (SOS) Enterprise Services operates in the marketplace with other providers, funded solely through revenues collected from third-party payment sources. As such, these services do not rely on a state appropriation for funding. Enterprise Services are delivered by state employees and focus on providing treatment and residential care for adults and children with chemical dependency, behavioral health issues, and developmental disabilities.

Population Served

Enterprise Services programs serve

- people with chemical abuse or dependency problems;
- children and adolescents with severe emotional disturbances and serious acting out behaviors; and
- people who are developmentally disabled (DD).

Services Provided

Enterprise Services includes a variety of programs:

- Chemical Addiction Recovery Enterprise (C.A.R.E.) programs provide inpatient and outpatient treatment to persons with chemical dependency and substance abuse problems. Programs are operated in Anoka, Brainerd, Carlton, Fergus Falls, St. Peter, and Willmar.
- Child and Adolescent Behavioral Health Services (CABHS) provides an array of foster care services to children or adolescents who have severe emotional disturbances and serious acting out behaviors. Child and Adolescent Behavioral Health Services provides these services at sites statewide and the treatment structure of the foster care home is based on a combination of evidence-based models, including the multidimensional treatment foster care model, wrap-around services model, and, where appropriate, dialectical behavioral therapy.
- State Operated Services community-based residential services for people with disabilities typically are provided in four-bed group homes. Individual service agreements are negotiated with the counties for each client based on his/her needs. Clients take advantage of and are integrated into the daily flow of their community.
- Day Training and Habilitation (DT&H) programs provide vocational support services to people with disabilities and include evaluation, training, and supported employment. Individual service agreements are negotiated for each client.

Historical Perspective

Changes in the funding structure for chemical dependency treatment moved State Operated Services chemical dependency programs into enterprise services in 1988. In 1999, the legislature adopted statutory language that allowed State Operated Services to establish other enterprise services. These services are defined as the range of services, which are delivered by state employees, needed by people with disabilities. These services are fully funded by public or private third-party health insurance or other revenue sources. State Operated Services specializes in providing these services to vulnerable people for whom no other providers are available or for whom State Operated Services may be the provider selected by the payer. As such, these services fill a need in the continuum of services for vulnerable people with disabilities by providing services not otherwise available.

Key Activity Goals & Measures

- ***Our communities will be safe, friendly, and caring.*** This goal is from *Minnesota Milestones* (<http://server.admin.state.mn.us/mm/goal.html>).
- ***Develop effective and accountable mental health and chemical health systems.*** This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).

Enterprise Services, operated by the Department of Human Services, help to ensure the health of Minnesotans and to ensure that our communities will be safe. These services are focused on providing high quality client care.

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: ENTERPRISE SERVICES

Narrative

- ***Percent of people civilly committed to enterprise programs versus those who voluntarily received services in these programs.*** Enterprise services were developed to meet the needs of underserved areas of the state and/or populations that other community providers have refused to serve. This measure will indicate the number of individuals who could have been served by community providers if there were willing providers available.

For more information on DHS performance measures, see
<http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

Enterprise Services operates without a state appropriation and is supported solely through collections from third party payment sources including

- commercial and private insurance;
- publicly funded payers (such as counties, Medical Assistance, Medicare, or the Consolidated Chemical Dependency Treatment Fund); and
- individual or self-pay.

Contact

For more information on Enterprise Services contact State Operated Services Support, (651) 431-3676.

Information on Department of Human Services programs is on the department's website:
<http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT
Program: STATE OPERATED SERVICES
 Activity: ENTERPRISE SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	0	9	0	0	0
Gift	3	8	8	8	16
Revenue Based State Oper Serv	79,804	79,826	79,826	79,826	159,652
Mn Neurorehab Hospital Brainer	7,267	2,073	2,073	2,073	4,146
Dhs Chemical Dependency Servs	20,379	20,256	20,256	20,256	40,512
Total	107,453	102,172	102,163	102,163	204,326
<u>Expenditures by Category</u>					
Total Compensation	86,781	82,211	82,211	82,211	164,422
Other Operating Expenses	19,329	19,021	19,012	19,012	38,024
Capital Outlay & Real Property	8	8	8	8	16
Payments To Individuals	921	932	932	932	1,864
Other Financial Transactions	414	0	0	0	0
Total	107,453	102,172	102,163	102,163	204,326
Full-Time Equivalent (FTE)	1,427.6	1,354.6	1,334.3	1,313.9	

Activity at a Glance

In 2010:

- Minnesota Security Hospital programs provided services to 238 individuals in the secure setting.
- The Forensics Treat to Competency programs provided services to 141 individuals.
- Transition Programs provided services to an additional 159 individuals.
- The Forensics Nursing Home served 20 individuals.

Activity Description

The Minnesota Security Hospital (MSH) and the Forensics Nursing Home are operated by State Operated Services (SOS). These programs provide specialized treatment and related supports for persons committed by the courts.

Population Served

This budget activity serves:

- persons who are committed as mentally ill and dangerous (MI&D);
- persons who have received a court-ordered evaluation of their competency, or court-ordered treatment to restore competency prior to standing trial for an offense; and
- people in need of nursing home level of care who have been committed as mentally ill and dangerous, sexual psychopathic personality (SPP), a sexually dangerous person (SDP), or those who are on medical release from the Minnesota Department of Corrections (DOC).

Services Provided

Services for those committed by the courts as mentally ill and dangerous are provided at the Minnesota Security Hospital (MSH) in St. Peter. The Minnesota Security Hospital is a secure treatment facility that provides multi-disciplinary treatment serving adults and adolescents from throughout the state, who are admitted pursuant to judicial or other lawful orders, for assessment and/or treatment of acute and chronic major mental disorders. The Minnesota Security Hospital also provides comprehensive, court-ordered forensic evaluations; including competency to stand trial and pre-sentence mental health evaluations. The Minnesota Security Hospital operates a transition program that provides a supervised residential setting offering social rehabilitation treatment to increase self-sufficiency and build the skills necessary for a safe return to the community.

In addition, the Minnesota Security Hospital operates a forensic nursing home which provides services to those individuals who are in need of nursing home level of care and are committed as mentally ill and dangerous, sexual psychopathic personality (SPP), a sexually dangerous person (SDP), or those on medical release from the DOC.

Historical Perspective

For several years, the services provided by the MSH saw significant population growth. Efforts continue to enhance treatment methods and security, to create operational efficiencies, and to ensure that cost effective services are provided.

Key Activity Goals & Measures

- **Develop effective and accountable mental health and chemical health systems.** The services provided by MSH help ensure the health of Minnesotans and that our communities will be safe. These services are part of an effective and accountable mental health system. This goal is from the Department of Human Services' *Priority Plans* (<http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG>).
 - Percent of patients who are qualified for community-based treatment and supervision and are receiving community-based treatment and supervision. SOS continues to develop community-based treatment options for patients who no longer need the level of security and supervision in the Minnesota Security Hospital programs. This measure is under development.

For more information on DHS performance measures, see <http://www.accountability.state.mn.us/Departments/HumanServices/index.htm>.

Activity Funding

The MSH programs are funded by appropriations from the General Fund. For FY 2010 only, the legislature appropriated federal American Recovery and Reinvestment Act (ARRA) funds in place of general fund dollars for a portion of the programs' funding.

Contact

For more information on State Operated Services, contact (651) 431-3676. Information on Department of Human Services programs is on the department's website: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: STATE OPERATED SERVICES

Activity: MINNESOTA SECURITY HOSPITAL

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	230	83,735	83,735	83,735	167,470
Technical Adjustments					
Approved Transfer Between Appr			(14,153)	(14,153)	(28,306)
Subtotal - Forecast Base	230	83,735	69,582	69,582	139,164
Total	230	83,735	69,582	69,582	139,164
Federal Stimulus					
Current Appropriation	76,665	0	0	0	0
Subtotal - Forecast Base	76,665	0	0	0	0
Total	76,665	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	6,944	69,718	69,582	69,582	139,164
Federal Stimulus	76,654	1	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	689	664	663	663	1,326
Miscellaneous Agency	1,315	1,200	1,200	1,200	2,400
Total	85,602	71,583	71,445	71,445	142,890
<u>Expenditures by Category</u>					
Total Compensation	70,547	58,185	58,184	58,184	116,368
Other Operating Expenses	12,822	11,454	11,317	11,317	22,634
Capital Outlay & Real Property	86	0	0	0	0
Payments To Individuals	2,147	1,944	1,944	1,944	3,888
Total	85,602	71,583	71,445	71,445	142,890
Full-Time Equivalents (FTE)	909.2	780.2	768.5	756.8	

Program at a Glance

- The Minnesota Sex Offender Program (MSOP) provides services to individuals who have completed their prison sentences and are civily committed by the courts and have been placed in sex offender treatment.
- MSOP is one program with two locations, St. Peter and Moose Lake.
- At the end of FY 2010, the Minnesota Sex Offender Program had a census of 575 clients in MSOP programming.
- MSOP has a biennial budget of \$135 million.

Program Description

DHS operates the Minnesota Sex Offender Program (MSOP) to provide services to individuals who have been court-ordered to receive sex offender treatment. MSOP clients have completed their prison sentences and are civily committed by the courts and placed in sex offender treatment for an indeterminate period of time. A civil court may commit a person for sex offender treatment if a judge determines that the individual is a “sexual psychopathic personality” (SPP), a “sexually dangerous person” (SDP), or both.

Within DHS, the Minnesota Sex Offender Program was separated from the administration of State Operated Services in 2008. MSOP operates independently from State Operated Services and provides specialized treatment in a secure treatment setting for those individuals committed as a sexual psychopathic personality or as a sexually dangerous person.

MSOP is one program with two locations, Moose Lake and St. Peter. As of 7-1-10, MSOP was providing treatment for 575 clients across both sites. Seventeen of the 575 clients are on judicial holds pending civil commitment. Fifty-six others are residing in the Department of Corrections (those individuals are dually committed to MSOP and are serving a criminal sentence). Most clients begin treatment at the MSOP Moose Lake facility and, after successfully completing the first two phases of treatment, are transferred to the St. Peter facility to complete treatment and begin working toward provisional discharge.

Population Served

The MSOP serves persons who have been committed as “sexual psychopathic personality” (SPP), a “sexually dangerous person” (SDP), or both. The majority of persons committed to this program have been referred by the Department of Corrections, upon completion of their criminal sentences, to individual counties for consideration of civil commitment.

Services Provided

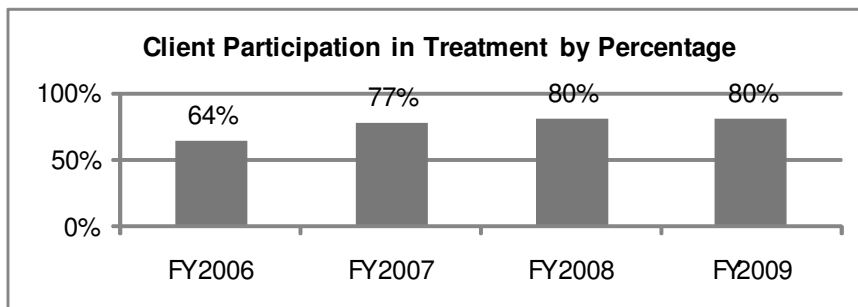
Once individuals are civily committed, they are provided an opportunity to participate in residential sex offender treatment. The treatment is based on cognitive-behavioral techniques and includes strategies to prevent individual sex offenders from relapsing. Consistent with the Risk/Needs/Responsivity model of treatment, clients are individually assessed and placed in programming based upon clinical needs and willingness to participate in treatment. Clients acquire skills through active participation in group therapy and are provided opportunities to demonstrate meaningful change through participation in rehabilitative services, including education classes, therapeutic recreational activities, and vocational work program assignments. MSOP staff observes and monitors clients not only in treatment groups, but also in all aspects of daily living.

Historical Perspective

Over the past several years, MSOP has experienced significant population growth, undergone extensive modifications in the treatment program, implemented efficiencies in administration and fiscal practices, and enhanced security procedures. Efforts continue to enhance treatment methods, increase safety/security, and create operational efficiencies to assure that cost effective services are provided.

Key Program Goals & Measures

- ***MSOP will provide a therapeutic environment.*** This goal is from the Minnesota Sex Offender Program. Sex offender treatment involves vocational work opportunities, education, therapeutic recreation, and treatment.
- To assess this goal, 80% of population involved in sex offender treatment.



Assessment measures and targets are currently being developed to assess similar participation trends in vocational, educational, and therapeutic recreational programming. These tools will be used to report on these data in the Annual Performance Report to the legislature, completed on the previous calendar in January of each year.

Program Funding

The MSOP has been historically funded by appropriations from the General Fund. For FY 2010 only, the legislature appropriated federal American Recovery and Reinvestment Act (ARRA) funds in place of General Fund dollars for a portion of the program's funding.

Contact

For more information on the Minnesota Sex Offender Program, contact the program at (651) 431-5877. Information on this DHS program is also on the department's website: <http://www.dhs.state.mn.us/msop>.

HUMAN SERVICES DEPT

Program: SEX OFFENDER PROGRAM

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	38,348	67,358	67,358	67,358	134,716
Technical Adjustments					
Approved Transfer Between Appr			67	67	134
Current Law Base Change			(273)	(274)	(547)
Transfers Between Agencies			418	419	837
Subtotal - Forecast Base	38,348	67,358	67,570	67,570	135,140
Governor's Recommendations					
Mn Sex Offender Program Growth		0	2,846	5,842	8,688
Total	38,348	67,358	70,416	73,412	143,828
Federal Stimulus					
Current Appropriation	26,495	0	0	0	0
Subtotal - Forecast Base	26,495	0	0	0	0
Total	26,495	0	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	31,952	70,165	70,416	73,412	143,828
Federal Stimulus	26,495	0	0	0	0
Statutory Appropriations					
Miscellaneous Agency	1,793	1,500	1,500	1,500	3,000
Materials Distribution	651	750	750	750	1,500
Total	60,891	72,415	72,666	75,662	148,328
<u>Expenditures by Category</u>					
Total Compensation	48,546	52,587	52,587	52,587	105,174
Other Operating Expenses	10,277	18,072	16,569	19,565	36,134
Capital Outlay & Real Property	44	0	0	0	0
Payments To Individuals	2,024	1,756	1,756	1,756	3,512
Transfers	0	0	1,754	1,754	3,508
Total	60,891	72,415	72,666	75,662	148,328
<u>Expenditures by Activity</u>					
Sex Offender Program	60,891	72,415	72,666	75,662	148,328
Total	60,891	72,415	72,666	75,662	148,328
Full-Time Equivalents (FTE)	754.3	754.3	771.0	759.7	

Program at a Glance

The Fiduciary Activities program includes expenditures accounted for in the State's fiduciary fund group. For DHS, the bulk of these expenditures are attributable to the payment of child support collections to custodial parents.

Program Description

The Fiduciary Activities program includes expenditures accounted for in the state's fiduciary fund group. By definition, the fiduciary fund group is used to account for assets held in trust by the government for the benefit of individuals or other. Accordingly, the fiduciary fund group is excluded from the state's budgetary fund balance presentation.

For DHS, the bulk of these expenditures are attributable to the payment of child support collections to custodial parents.

Listed below are the specific types of expenditures included in DHS' Fiduciary Activities budget program:

- **Child Support Payments:** Payments made to custodial parents from funds collected by the state from the non-custodial parent.
- **MAXIS Off-Line Recoveries:** Funds recovered by the state and money received from counties that cannot be receipted in MAXIS. The funds are held here until DHS can determine what program is to be credited and to whom payment should be made. Payments are made to: U.S. Treasury for federal shares, counties for incentives, clients for returned money or their balance of interim assistance recoveries, providers for Supplemental Security Income (SSI) services, or the state for any state share.
- **Long Term Care Civil Penalties:** Monies collected by the federal Centers for Medicare and Medicaid Services (CMS) from nursing homes that are assessed penalties for non-compliance. The portion given to states is to be utilized solely for approved projects that specifically address nursing home deficiencies.

By isolating these expenditures in this budget program, the other DHS budget activities are not distorted. The expenditures and the associated accounting processes reflected by this budget program are supported administratively by the budget activities within the Central Office Operations budget program.

Contact

For more information about the Fiduciary Activities program, please contact the DHS Financial Operations Division at 651-431-3725.

Information about the Department of Human Services programs is on the department's Web site: <http://www.dhs.state.mn.us>

HUMAN SERVICES DEPT

Program: FIDUCIARY ACTIVITIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Agency	641,288	659,989	660,494	661,129	1,321,623
Total	641,288	659,989	660,494	661,129	1,321,623
<u>Expenditures by Category</u>					
Total Compensation	16	0	0	0	0
Other Operating Expenses	1,581	6,369	4,427	4,427	8,854
Payments To Individuals	53	75	75	75	150
Local Assistance	193	839	839	839	1,678
Other Financial Transactions	639,445	652,706	655,153	655,788	1,310,941
Total	641,288	659,989	660,494	661,129	1,321,623
<u>Expenditures by Activity</u>					
Fiduciary Activities	641,288	659,989	660,494	661,129	1,321,623
Total	641,288	659,989	660,494	661,129	1,321,623

Program at a Glance

The **Technical Activities budget program** includes inter-fund and pass-through expenditures. These expenditures are the result of accounting technicalities.

Program Description

The Technical Activities budget program includes inter-fund and pass-through expenditures that occur as the result of accounting technicalities.

Listed below are the specific types of the inter-fund and pass-through expenditures included in the Technical Activities budget program.

- Federal administrative reimbursement earned by and paid to counties, tribes and other local agencies.
- Federal administrative reimbursement earned by and paid to other state agencies.
- Administrative reimbursement (primarily federal funds) earned on statewide indirect costs and paid to the General Fund.
- Administrative reimbursement (primarily federal funds) earned on DHS central office administrative costs and paid to either the General Fund or Special Revenue Fund, as prescribed by state law and policy.
- Federal reimbursement earned on program expenditures and paid to the General Fund as prescribed by state policy and law.
- Transfers between federal grants, programs and state agencies that are accounted for as expenditures in the state's accounting system.
- Other technical accounting transactions.

By isolating these expenditures in this budget program, the other budget activities are not distorted. The expenditures and the associated accounting processes reflected by the Technical Activities budget program are supported administratively by the Finance & Management budget activity within the Central Office Operations budget program.

Contact

For more information about the Technical Activities budget program, please contact the DHS Financial Operations Division at 651-431-3725.

Information about the Department of Human Services programs is on the department's Web site: <http://www.dhs.state.mn.us>.

HUMAN SERVICES DEPT

Program: TECHNICAL ACTIVITIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Federal Tanf					
Current Appropriation	76,727	88,590	88,590	88,590	177,180
Technical Adjustments					
Current Law Base Change			(21,375)	(21,080)	(42,455)
November Forecast Adjustment		(478)	(410)	(373)	(783)
Subtotal - Forecast Base	76,727	88,112	66,805	67,137	133,942
Governor's Recommendations					
TANF Refinancing		0	14,020	14,020	28,040
Total	76,727	88,112	80,825	81,157	161,982
<u>Expenditures by Fund</u>					
Direct Appropriations					
Federal Tanf	58,403	88,112	80,825	81,157	161,982
Statutory Appropriations					
Miscellaneous Special Revenue	6,325	6,394	6,306	6,298	12,604
Federal	376,847	387,960	382,198	381,705	763,903
Federal Stimulus	29,469	4,896	2,834	2,834	5,668
Total	471,044	487,362	472,163	471,994	944,157
<u>Expenditures by Category</u>					
Total Compensation	17	17	17	17	34
Other Operating Expenses	120,237	131,769	130,400	130,399	260,799
Payments To Individuals	56	56	56	56	112
Local Assistance	346,234	350,920	337,990	337,822	675,812
Other Financial Transactions	4,500	4,600	3,700	3,700	7,400
Total	471,044	487,362	472,163	471,994	944,157
<u>Expenditures by Activity</u>					
Technical Activities	471,044	487,362	472,163	471,994	944,157
Total	471,044	487,362	472,163	471,994	944,157

Support Services Grants BACT #41							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$8,685	\$12,498	\$8,715	\$8,715
MFIP Consolidated Support Services Grants	S35	F162	Consolidated funding allocated to counties and tribes to provide support services for MFIP/DWP participants including job search/skills, adult basic education, GED coaching, short-term training, English proficiency training, county programs to help with emergency needs and help accessing other services such as child care, medical and CD/Mental health services. (approx. served FY09 - 6,400 persons a month). See also Federal Funds.	8,679	12,462	8,679	8,679
Food Stamp Employment and Training (FSET) Service Grants	S35	F500	Grants to counties to provide employment services to Food Stamp participants to prepare for and accept employment. (approx. served FY09 – a monthly average of 300 persons)	6	26	26	26
CFS Injury Protection Program	S35	F550	Payments to medical providers for the treatment of injuries suffered by persons while participating in a county or tribal community work experience program. Two claims were paid in 2009.	0	10	10	10
Federal TANF	Required state match / MOE? Yes/No		The federal Temporary Assistance for Needy Families (TANF) fund has maintenance of effort (MOE) requirement. The amount is set depending on whether or not the state TANF program meets federal work participation requirements. If a state does not meet the MOE requirement, federal funding is reduced the following year by the amount by which the state fell short of meeting the required MOE and the state is required to expend state funds to replace the reduction in federal funds.	\$116,692	\$107,457	\$104,611	\$104,611
MFIP Work Force U T01, F141	N	Y	A pilot program in Stearns and Benton counties that provides short-term training for MFIP and DWP participants to develop employer-desired skills, with more advanced classes offered in partnership with local colleges. Evaluation Report available Feb. 2011.	750	0	0	0
Supported Work Grants T01, F142	N	Y	Allocated to counties and tribes to provide a continuum of employment assistance to MFIP participants, including testing and assessment, supported worksite experience and job coaching. Approximately 3,000 participants in 2009. See also ARRA Supported Work Grants below.	11,949	4,700	0	0

Support Services Grants BACT #41, continued

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
MFIP Integrated Service Projects T01, F143	N	Y	Projects to deliver comprehensive services to MFIP families who receive cash assistance long-term, many of whom are at-risk for reaching the 60-month time limit. The 2009 Legislature eliminated funding for these grants beginning in SFY 2011.	1,236	0	0	0
MFIP Consolidated Support Services Grants T01, F640	N	Y	See General Fund Explanation	102,757	102,757	104,611	104,611
Federal TANF: ARRA	Required state match / MOE? Yes/No		TANF ARRA Funds were earned at 80% of increased expenditures over a base year.	\$8,917	\$20,581	\$5,914	\$0
ARRA TANF MFIP Consolidated Support Services H01, Z133	N	N	Funding was used by counties to expand funding for the emergency assistance program which provides help with housing, utilities and other basic needs.	7,917	12,481	0	0
ARRA TANF Summer Youth Program H01, Z141	N	N	Subsidized employment for low-income youth. Under a contract with the Minnesota Department of Employment and Economic Development, subsidized employment positions for 2,099 teens and older youth were developed. The program ran from June 1, 2010 through September 30, 2010.	1,000	3,800	0	0
ARRA Supported Work-Summer Food Program H01, Z142	N	N	Allocated to counties and tribes to provide a continuum of employment assistance to MFIP participants. The Summer Food Program was coordinated by Hunger Solutions Minnesota under contract with the Department of Human Services and served 31,198 families. The purpose was to provide children greater access to nutritious food at food shelves. The program increased the amount of healthy foods available to food shelves during the summer and provided new funding to allow food shelves to increase their services to children. The program operated between July 1, 2010 and September 30, 2010.	0	4,300	5,914	0
Statutory Appropriations							
Federal Fund	Required state match / MOE? Yes/No			\$7	\$34	\$34	\$34
FSET - Services Grants Appr. F54:F576	N	N	See General Fund - MN also received approx. \$630,000 in FFY 2009 in 100% federal funds which are passed through to counties. Note: City of Minneapolis provides matching funds.	7	34	34	34

BSF Child Care Assistance Grants BACT #42							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$40,100	\$37,592	\$45,835	\$44,835
Basic Sliding Fee (BSF) Child Care Assistance Grants	S79	B402	BSF child care assistance grants provide financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment. Funds purchase child care for 15,900 children in 9,100 families (2009). As of April 2010, 3,878 families were on the waiting list for BSF child care.	40,100	37,592	44,835	44,835
Statutory Appropriations							
Federal Fund	Required state match / MOE? Yes/No		The Federal Child Care and Development Fund (CCDF) have both a match and MOE requirement. To access the maximum available federal funds, a state must meet both requirements.	\$40,538	\$24,968	\$48,239	\$48,239
Basic Sliding Fee (BSF) Child Care Assistance Grants:E22;B421	Y	Y	See General Fund.	40,538	24,968	48.239	48.239
Federal Fund: ARRA	Required state match / MOE? Yes/No			8,000	\$0	\$0	\$0
ARRA CCDF Child Care BSF H22, Z124	N	N	See General Fund.	8,000	0	0	0

Child Care Development Grants BACT #43							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$1,437	\$1,487	\$1,487	\$1,487
Child Care Service Development Grants	S77	B422	Grants to child care resource and referral agencies to build and improve the capacity of the child care system for centers and family child care providers. Over 2,300 grants to family and center providers each year. See also federal fund.	290	250	250	250
Child Care Resource and Referral Grants	S77	B423	Grants to child care resource and referral agencies to support the child care infrastructure through information for parents, supports and training resources for providers, coordination of local services and data collection to inform community planning. Provide 27,000 referrals annually. Over 35,000 participants in training classes.	867	757	757	757
Migrant Child Care Grants	S77	B425	Provides grant funds to community based program for comprehensive child care services for migrant children throughout the state. Approximately 850 migrant children under 14 years of age served annually.	20	170	170	170
Child Care Facility Grants	S77	B436	Grants and forgivable loans to child care providers and centers in communities to improve child care or early education sites or to plan design and construct or expand sites to increase availability of child care and early education.	163	163	163	163
Child Care Integrity Grants	S77	B471	Grants to counties to support fraud prevention activities.	97	147	147	147
Special Revenue Fund				\$733	\$262	\$0	\$0
MELF Quality Rating –Grant	R63	C522	Private funding from the MN Early Learning Foundation (MELF) to build and provide implementation support for the Parent Aware Quality Rating System, a pilot that rates child care and early learning programs and allows consumers to search for programs that help prepare young children for success in school. Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010.	622	12	0	0
MELF Minneapolis Expansion	R63	C524	Private funding from the MN Early Learning Foundation (MELF) to expand the Parent Aware Quality Rating System pilot to the City of Minneapolis. Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010.	111	0	0	0
Getting Ready Parent Aware	R96	C516	Private funding from the Greater Twin Cities United Way to provide supports to child care providers to prepare for the Parent Aware Quality Rating System in the Twin Cities metropolitan area. Over 45 child care providers served in 2010.	0	250	0	0

Child Care Development Grants BACT #43, continued						
Grant / Activity	Purpose / People Served		FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations, continued						
Federal Fund	Required state match / MOE? Yes/No		\$7,494	\$11,233	\$9,016	\$9,016
CCDF - Resource and Referral Grants: Appr. E22;Allot B411	Y	Y	4,481	4,343	4,303	4,303
CCDF- Infant & Toddler Grants E22, B416	Y	Y	1,683	2,438	2,525	2,525
FFN Evaluation E22, B418	Y	Y	64	0	0	0
Migrant Grants CCDF – QRIS Grants E22, B429	Y	Y	0	1,723	0	0
CCDF FFN Grants E22, B430	Y	Y	0	375	0	0
CCDF - Services Development Grants E22, B446	Y	Y	70	445	422	422

Child Care Development Grants BACT #43, continued							
Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations, continued							
Federal Fund, continued							
CCDF - Community Partner Grants E22, B447	Y	Y	Grants to community based programs to build and sustain the capacity of child care programs to improve children's readiness for school. 85 child care providers received accreditation facilitation supports.	40	384	350	350
CCDF - Mentorship & Training Grants E22, B449	Y	Y	Grants to community based programs to support professional development of child care providers.	1,156	1,525	1,416	1,416
Federal Fund: ARRA	Required state match / MOE? Yes/No		Funds required to be spent on child care quality activities				
ARRA CCDF Infant & Toddler Grant H22, Z122	N	N	ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for infants and toddlers, and support professional development of child care providers. A one-time appropriation directing ARRA CCDF-required infant/toddler targeted funds for this purpose.	441	0	0	0
ARRA CCDF Quality Expansion H22, Z130	N	N	ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for all children, and support professional development of child care providers. A one-time appropriation directing ARRA CCDF-required targeted quality funds for this purpose.	751	0	0	0
ARRA CCDF Infant & Toddler Acceleration H22, Z135	N	N	ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for infants and toddlers, and support professional development of child care providers. A one-time appropriation directing accelerated spending of SFY 2011 ARRA CCDF-required infant/toddler targeted funds for this purpose.	808	0	0	0
ARRA CCDF Quality Expansion Acceleration H22, Z136	N	N	ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for all children, and support professional development of child care providers. A one-time appropriation directing accelerated spending of SFY 2011 ARRA CCDF-required quality targeted funds for this purpose.	1,407	0	0	0

Child Support Enforcement Grants BACT #44							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$300	\$2,106	\$3,405	\$3,405
Child Support Enforcement (CSE) County Grants	S37	F202	Counties receive performance-based incentives on a per-case basis for establishment, paternity and modification processes and on a per-person basis for medical insurance verification. These funds provide a portion of the administrative costs related to the implementation of the guidelines.	42	2,106	3,355	3,355
CSE Medical Provider Bonus	S37	F209	Incentive payments to hospitals for notarized paternity acknowledgement submitted to MDH. Approximately ninety hospitals participate. At a rate of \$25 per ROP, this allotment pays incentives for 12,000 acknowledgements per year. This provision was repealed in the 2010 legislative session.	258	0	0	0
Transfer from S37 to R50	S37	T161	GF transfer to ensure Child Support Payment Center recoupment account has sufficient funds.	0	0	50	50
Statutory Appropriations							
Special Revenue Fund				\$1,562	\$1,947	\$1,490	\$1,490
CSE Payment Center Recoupment Account	R50	F259	Grants to individuals that temporarily fund NSF checks and other child support payment adjustments, which allow child support funds to be distributed within the 48 hour federal requirement.	0	234	0	0
CSED Annual Collection Fee	R51	F206	Transfer from administrative funds (R61) to pay the federal share of the federally mandated annual collections fee of \$25 that is unable to be collected from custodial parents' support payments.	28	0	0	0
CSE County Grants	R51	F218	See General Fund. <i>(This funding is from the non-federal share of the child support 1% processing fee authorized in 2003 session and the federal \$25 annual collections fee mandated in 2006. This is in addition to GF grants. Counties receive payment based on their program performance.</i>	1,484	1,490	1,490	1,490
IV-D Co-Parent	R88	F237	Grant to Hennepin County for a pilot co-parent court program that works with custodial and non-custodial parents. The new program worked with 25 families in FFY 2010.	50	223		
Federal Fund	Required state match / MOE? Yes/No			\$163	\$192	\$124	\$124
CSE Access & Visitation Grants F41,F254	N	N	Grants to improve non-custodial parents access to their children. The federal A&V grant is currently passed along to 2 grantees in FFY 2011: Children's Safety Centers and Genesis II for Families, selected through an RFP process in 2009. CSC and Genesis II served almost 500 children and 447 adults in FFY 2010.	163	192	124	124

Children's Services Grants BACT# 45							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$45,552	\$49,664	\$45,127	\$45,127
American Indian Child Welfare Program	S21	C272	Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are 2 grantees: White Earth and Leech Lake reservations. More than 3,000 children and families were served through this grant in CY 2010.	4,951	4,751	4,751	4,751
Non-recurring Adoption Assistance Grants	S21	C273	One time grants of up to \$2,000 to adoptive families for expenses related to the adoption of a foster child with special needs. 363 children served in SFY 2010.	130	211	189	189
Foster Care and Adoption Recruitment Grants	S21	C344	Grants to county and tribal social service agencies for recruitment of foster and adoptive families that reflect the ethnic and racial diversity of the children in foster care, including special efforts to recruit a foster family from a foster child's relatives. Fourteen grants were awarded to county agencies.	122	162	161	161
Privatized Adoption Grants (Public Privatized Adoption Initiative)	S21	C345	Grants to 8 providers for recruitment of adoptive families; fund child placement agencies' efforts to place children committed to the guardianship of the commissioner in adoptive homes. These grants supported services for 341 children and 325 families in 2009.	2,983	2,952	2,620	2,620
Child Welfare Reform - Prevention / Early Intervention Grants	S21	C347	Grants to counties for child protection services designed to support families to keep children safely at home. Services include training and counseling support for parents and children, stable housing and safe living conditions. Grants support services for 3,500-4,000 families per year.	786	786	786	786
FC Trans Plan Demo Project (Healthy Transitions and Homeless Prevention)	S21	C350	Grants to providers for transitional planning and housing assistance services to youth preparing to leave long-term foster care or who have recently left foster care. These grants served 943 youth in SFY 2010.	1,043	1,065	1,065	1,065
Indian Child Welfare Act (ICWA) Transfer to R21	S21	T051	Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children in out-of-home placement with their families. Funds 18 programs and served over 2,800 children.	0	0	1,482	1,482
Subsidized Adoption Grants	S42	C248	Payments to adoptive families to offset cost of assuming custody of and caring for special needs children. Critical to securing permanency for special needs wards of the state and consistent with the federal requirements and the Performance Improvement Plan (PIP) for the state's Child welfare system. (7,188 children)	27,914	32,013	26,473	26,473

Children's Services Grants BACT# 45, continued							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations, continued							
General Fund, continued							
RCA Demonstration Project	S42	C313	Cost neutrality payments for counties participating in the Permanency Demonstration projects based on state savings to relative custody assistance program. Counties include Hennepin, Ramsey, Dakota, and Carlton. (128 children)	44	25		
Relative Custody Assistance Grants	S42	C349	Payments to relatives to offset cost of assuming permanent and legal custody of and caring for special needs children. Critical to securing permanency for children with special needs and consistent with the federal requirements and the Performance Improvement Plan (PIP) for the state's Child welfare system. Approximately 1,950 children served.	7,125	7,499	7,600	7,600
Federal TANF Fund	Required state match / MOE? Yes/No			\$140	\$140	\$140	\$140
TANF Young Parent Program Grants T01, C209	N	Y	Grant provides education, job training, and skill development in parenting, child development, and employment for young parents under age 20 who live in Hennepin County, who have dropped out of school, and receive MFIP funds to support themselves and their children as directed by MN Session Laws 2007, Chapter 147, article 19, section3, subd. 4. (110 teen parents served)	140	140	140	140
Special Revenue Fund				\$5,793	\$7,430	\$3,331	\$2,618
Privatized Adoption Grants	R20	C276	The source of the funding for this item is federal reimbursement (Title IV-E match) associated with General Fund appropriations for Privatized Adoption Recruitment Grants which serve 341 children and 325 families, respectively.	635	650	650	650
Foster Care Recruitment	R20	C277	Federal financial participation for foster care recruitment.	0	76	76	76
Adoption IV-B Grants	R20	C278	Federal reimbursement of Title IV-B activities eligible for Title IV-E reimbursement of adoption services to adoptive families.	450	850	700	250
Indian Child Welfare Grants (Transfer from S21)	R21	C231	Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children placed in out-of-home placement with their families. (see also General Fund T051)	1,482	1,568	0	0
Casey Parent Support Outreach Grant	R54	C270	Grants to counties to provide services to families reported to child protection. Ends in FY 2011.	144	98	0	0

Children's Services Grants BACT# 45, continued

Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriations, continued							
Special Revenue Fund, continued							
CCTV/ Recording Tech. Grant	R68	C269	Grants to counties to purchase specialized recording equipment for obtaining testimony from child witnesses for use in criminal proceedings. Ends in FY 2011.	72	50	0	0
Bush Foundation MFIP Family Connections	R72	C296	Grants to counties to provide support services to families with young children on MFIP to improve developmental outcomes for children including the prevention of child abuse and neglect. 1,900 families served over 3 year pilot. Grant award ended 12/31/10.	28	188	0	0
Children's Trust Fund Grants	R90	B704	Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities.	817	1,581	10	610
Parent Support Outreach Grant	R90	B705	Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities.	729	600	600	0
MFIP Family Connections	R90	B706	Grants to counties to prevent child maltreatment and improve family functioning for families with children under age 10 on MFIP. (Approx. 650 families served per year.) Grant ended 12/31/10.	198	250	0	0
Federal Fund	Required state match / MOE? Yes/No			\$37,532	\$37,144	\$35,596	\$35,516
Challenge Grant (Community Based Child Abuse Prevention) Children's Trust Fund E23, B702	Y	Y as part of allocation award	Grants to community based agencies (such as non-profits, school districts, and human service agencies) to provide services to families to reduce the risk of child maltreatment and enhance family capacities.	1,099	1,022	700	800
Title IV-B2 Family Support Grants (Parent Support Outreach) F00, C206	Y	N	Grants to counties to prevent child maltreatment and improve family functioning for families reported to child protection services. (Approx. 1,200 families served per year in 30 counties.)	0	100	0	0
Title IV-B2 Family Preservation Grants (Family Alternative Response Grant)" F00, C237	Y	N	Grants to counties and tribes to provide child protective services to strengthen families and to prevent out of home placement when it is safe to do so. Grant supports services for 2,500-3,000 families per year.	1,772	1,295	1,295	1,295
Title IV-B2 - Children's Justice Initiative Grants F00, C244	Y	N	Grants to counties to improve the court handling of juvenile court protection proceedings and shorten the timeframe for establishing a permanent home or family reunification.	77	100	100	100

Children's Services Grants BACT# 45, continued

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriations, continued							
Federal Fund, continued							
Title IV-B2 Reunification Grants - Family Group Decision Making F00, C239	Y	N	Grants to counties and tribes to support family group decision making. (2,588 children served).	1,520	1,432	1,432	1,432
Title IV-B2 - Case Worker Visits Grants: F00, C245	Y	N	Funds to support federal requirement of ensuring that all children in foster care are seen at least monthly and to strengthen the quality of supervision.	287	54	5	0
Safety Focused Family Partnership: F00, C249	N	N	These grants funded a training initiative with counties and tribes to develop advanced child protection practice skills in safety organized practice with at-risk families.	67	0	0	0
Title IV-E Foster Care Maintenance: F02,C294	Y	N	Federal financial participation for costs of Title IV-E eligible children in foster care.	13,014	13,014	13,014	13,014
Title IV-E Adoption Assistance – Maintenance F04,C279	Y	N	Federal financial participation for payments to individuals adopting Title IV-E special needs children. 4,927 children receive IV-E adoption assistance.	15,235	15,235	15,235	15,235
Title IV-E Adoption Assistance - Non-Recurring Grants F04, C365	Y	N	Federal financial participation for one-time costs associated with the cost of adopting special needs children who are Title IV-E eligible. There were 363 children served in SFY 10.	323	323	323	323
Title IV-E Parent Support Outreach F08, C200	Y	N	Federal participation for grants for parent support outreach efforts.	0	220	220	220
Title IV-B1 Family Preservation Grants (Family Response Grant) F08, C281	Y	N	Grants to counties and tribes to provide core child protection services to strengthen families and to prevent out of home placement when it is safe to do so. Grant support services to 2,500-3,000 families per year.	850	850	850	850
Adoption Incentive Payment Grant F09, C271	N	N	Federal adoption incentive payment used for grants to providers for adoption-related services, including post adoption.	371	782	175	0
Independent Living Grants F15, C293	Y	N	Grants to counties, providers, and tribes providing assistance and Independent Living Programs to adolescents in foster care. Approximately 800 high-risk youth served annually.	1,529	1,850	1,505	1,505
Education & Training Voucher Grant F35, C286s	Y	N	Post-secondary education voucher grants to help defray costs of post-secondary education to 238 youth that aged-out of foster care at age 18 were adopted from foster care on or after their 16th birthday, or custody was transferred to a relative from foster care on or after their 16th birthday.	598	650	525	525

Children's Services Grants BACT# 45, continued

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriations, continued							
Federal Fund, continued							
Child Abuse (CAPTA) Grants F55, C227	N	N	Grants to 5 counties to administer the federally-required Citizen Review Panels for child protection services. The counties are Chisago, Hennepin, Ramsey, Washington and Winona. Required of all states to be eligible to access other federal reimbursement.	50	65	65	65
Children's Justice Act F56, C236	N	N	Training for county and tribal law enforcement, county attorney, and county and tribal child protection professionals on assessment and investigations, including training on forensic interviewing of potential child abuse victims. This grant supports training for approx. 177 participants.	121	152	152	152
Federal Fund: ARRA	Required state match / MOE? Yes/No			\$4,082	\$4,047	\$1,013	\$0
ARRA IV-E FC Maintenance H02, Z113	Y	N	Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Foster Care maintenance payments. Ends on 6/30/11.	1,755	1,755	500	0
ARRA IV-E FC Demonstration H02, Z127	Y	N	Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Foster Care maintenance payments. Ends on 6/30/11.	277	175	0	0
ARRA IV-E AA Maintenance H04, Z111	Y	N	Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Adoption Assistance maintenance payments. Ends on 6/30/11.	1,927	1,927	500	0
ARRA IV-E AA Demonstration Project H04, Z112	Y	N	Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Adoption Assistance maintenance payments. Ends on 6/30/11.	123	190	13	0
Gift Fund	Appr.	Allot.		\$18	\$25	\$25	\$4
Forgotten Children's Fund	G06	C307	Private donations received from the American Legion and other private donors and administered by DHS to fund special services or activities to children in foster care. Funds approximately 70 requests per year.	18	25	25	4

Children & Community Services Grants BACT # 46							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation							
General Fund				\$50,763	\$49,292	\$64,301	\$64,301
Red Lake Band Grants	S25	A314	Grants to Clearwater and Beltrami Counties for costs of social services provided to members of the Red Lake Band residing on the Red Lake Reservation	487	487	487	487
Children & Community Services Grants	S25	M148	Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to approx. 435,000 people annually.	50,276	48,805	63,814	63,814
Statutory Appropriations							
Federal Fund	Required state match / MOE? Yes/No			\$32,654	\$32,413	\$32,275	\$32,275
Title XX - ICW Law Center: F82;C280	N	N	Grant for legal advocacy, training and technical assistance in cases regarding custody, CHIPS, permanency, adoption, TPR, tribal court proceedings, long-term foster care and other services. (approx. 270 children per year.)	140	140	140	140
Title XX - Migrant Day Care Grants: F82;C283	N	N	Grant provides child care in a number of counties for children whose parents, guardian or current caretakers have changed residence recently to obtain employment in a temporary or seasonal agricultural activity. (approx. 860 children per year.)	465	290	293	293
Title XX - Children & Community Services Grants: F82, S505	N	N	Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to approx. 435,000 people annually. See General Fund - M148	32,036	31,983	31,842	31,842
Title XX - Emergency Disaster Relief: F82, S506	N	N	Reimbursements to counties that reported serving hurricane evacuees from August 2005 to September 2009. This fund, which ended September 2009, served approximately 240 unique evacuees during this period.	13	0	0	0

Children & Economic Assistance Grants BACT #47							
Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$16,140	\$15,577	\$16,305	\$15,815
MN Community Action Grants	S36	B311	Grants to Community Action Agencies to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant. (Serves 300,000 households annually). Funds used at local level for match.	2,134	2,134	4,681	4,683
Food Shelf Grants	S36	B325	Grants for purchase and distribution of food to food shelves throughout the state, including some administrative costs.	1,655	1,318	1,255	1,255
Transitional Housing Grants	S36	B326	Provides supportive housing and supportive services to homeless individuals and families so that they can secure permanent, stable housing. (Serves 4,000 individuals annually)	2,934	2,934	2,934	2,934
Emergency Services Program	S36	B347	Funds the operating costs of shelters and essential services to homeless families and individuals. (Serves 3,000 individuals annually)	345	344	344	344
Family Assistance for Independence in Minnesota Grant	S36	B352	FAIM is part of a national initiative to promote individual development accounts (IDAs). IDAs target the working poor to save for a home, college or business start-up and require participants to attend financial education.	491	0	492	0
Long Term Homeless Services Grants	S36	C502	Grants to county / provider partnerships to provide supportive housing services to long-term homeless individuals and families. Funds may be used at local level for HUD housing match.	6,410	6,562	4,370	4,370
Runaway and Homeless Youth	S36	C528	Grants to non-profit agencies for the provision of street outreach, drop-in centers, transitional living programs and supportive housing to runaway and homeless youth.	218	0	119	119
Fraud Prevention Grants	S36	F405	Grants to counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts.	1,379	1,617	1,617	1,617
LEP Grant-CFS	S36	F504	Grants to non-profit agencies for the provision of language services and the translation of vital documents for non-English speaking recipients of human services.	86	86	86	86
Minnesota Food Assistance Program	S48	F123	State funded food benefits for legal non-citizens who do not qualify for federal food stamps.	488	582	407	407

Children & Economic Assistance Grants BACT #47, continued							
Statutory Appropriations, continued							
Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Special Revenue Fund				\$300	\$140	\$3	\$3
FEMA Emergency Food & Shelter	R05	C512	Funds State Set-Aside Committee that is responsible for establishing a formula for distributing funds to local organizations.	5	5	3	3
FSP Enhanced Funding – County	R48	F432	Funding for triennial homeless survey.	80	0	0	0
Healthy Marriage Grant	R69	F219	This appropriation includes federal and state matching funds. Federal funds are earned under the "Healthy Marriage" waiver, which promotes marriage and relationship skill mentor training and research. The state match is funded by a portion of the state marriage license fee.	66	0	0	0
McKnight Financial Literacy Grant	R71	B367	Grants to build the capacity of nonprofit agencies across the state to help low-income people move out of poverty through financial education and asset building opportunities, and free tax preparation.	149	135	0	0
Federal Fund	Required state match / MOE? Yes/No			\$376,627	\$375,052	\$374,318	\$374,317
TEFAP Grants: Appr. E26 B312	Y	N	Distributes U.S. Department of Agriculture (USDA) donated food commodities to individuals and families who use on-site meal programs, food shelves and shelters. This program design ensures an equitable distribution of commodities to all 87 counties.	747	681	681	681
HUD ESGP Grants E27; B315	Y	N	The Emergency Shelter Grant Program (ESGP) provides funding to shelters and transitional housing programs for operating costs, essential services, and homelessness prevention.	1,186	1,178	1,178	1,178
Community Services Block Grant (CSBG) – Formula E28, B319	N	N	Grants to Community Action Agencies to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant.	5,025	7,591	6,991	6,991
Community Services Block Grant – Discretionary E28, B320	N	N	Grants to Community Action Agencies are used to focus local, state, private and federal resources on supporting low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant. These particular grants are for emergencies and special projects.	338	500	400	400

Children & Economic Assistance Grants BACT #47, continued							
Statutory Appropriations, continued							
Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Federal Fund, continued							
Rural & Homeless Youth Grants: E37, B482	Y	N	This state and local collaborative provides transitional living program and independent living skills to runaway youth and homeless youth in a seven county / three reservation region of Cass, Crow Wing, Mille Lacs, Morrison, Todd, Wadena in addition to the Leech Lake and Mille Lacs Reservations.	201	169	135	134
Net Federal FS Recoveries F14; F164	N	N	Recoveries statutorily dedicated to the Food Stamp Program.	358	750	750	750
Food Stamps (non-MFIP) F14; F170	N	N	Grants to low income households to improve nutrition and achieve food security.	358,877	353,983	353,983	353,983
FSP Cash out Benefits – SSI F47; F107	N	N	Cashed out food benefits to SSI/elderly.	9,895	10,200	10,200	10,200
Federal Fund: ARRA				\$76,997	\$18,100	\$2,600	\$2,600
ARRA FEMA Emergency Food H05, Z102	N	N	One-time funds for state set-aside committee responsible for establishing formulas for distributing funds to local organizations.	4	0	0	0
ARRA FSP EBT Benefits-Non-MFIP H14, Z119	N	N	Cashed out food benefits to SSI/elderly.	56,497	15,500	0	0
ARRA TEFAP Grants H26, Z104	N	N	One-time fund for storage and handling of food commodities.	347	0	0	0
ARRA HUD ESGP Grants H27, Z121	N	N	One-time funds for homelessness prevention and rapid rehousing activities.	5,654	0	0	0
ARRA CSBG Grants H28, Z108	N	N	One-time funds for community action agencies to support low-income families and individuals to attain the skills, knowledge and motivation to become self-reliant.	12,032	0	0	0
ARRA FSP Cash out Benefits SSI H47, Z114	N	N	Cashed out food benefits to SSI/elderly.	2,463	2,600	2,600	2,600

Refugee Services Grants BACT #48							
Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriations							
Federal Funds				\$11,753	\$15,518	\$9,137	\$7,337
Refugee Cash Assistance: F20, F549	N	N	Cash grants to needy refugees who do not have children in the home. (approx. served –200 per month)	378	1,000	1,000	1,000
Refugee CMA Admin Grants F20, F571	N	N	Grants to voluntary resettlement agencies to operate Refugee Cash Assistance and to the Department of Health for the implementation of health screening for refugees.	1,129	1,400	1,400	1,400
Refugee Medical Assistance F20, F572	N	N	Grants to medical providers for medical care received by needy refugees without minor children in the home. (approx. served –200 per month)	1,534	2,500	2,500	2,500
Refugee Discretionary Project F25, F533	N	N	Grants to nonprofit agencies available for certain geographic areas with refugee populations. (approx. served – 165 per year)	327	319	80	0
Refugee School Impact Grant F68, C510	N	N	Grants to assist the refugee service capacity of school districts in Anoka, Hennepin, and Olmsted and Ramsey counties. (approx. served –700 slots per year)	1,134	1,158	1,000	200
Services to Older Refugees F69, C508	N	N	Grants for assistance to older refugees (approx. served –300 per year)	98	227	227	57
Refugee Social Services F70, F552	N	N	Grants to nonprofit agencies to help refugees who encounter difficulties adjusting to life in the United States. Approx. Served 534 per month	4,971	5,109	2,430	1,680
Refugee Targeted Assistance Grants F78, F513	N	N	Grants to assist refugees in obtaining employment. (approx. served –290 per month)	2,059	3,805	500	500
Refugee Targeted Assistance Grants F92, F536	N	N	Grants to assist refugees in obtaining employment. (approx. served –290 per month)	123	0	0	0

Health Care Grants BACT #51							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$287	\$295	\$295	\$295
U Special Kids Intensive Care Management	S98	H310	These funds are for disease management programs for medical assistance and general assistance medical care recipients who are not enrolled in the prepaid medical assistance or prepaid general assistance medical care programs and who are receiving services on a fee-for-service basis. The commissioner may contract with an outside organization to develop and implement a pilot intensive care management program for medical assistance children with complex and chronic medical issues.	147	205	205	205
Outreach Grants General Fund	S98	H735	Funds grants for outreach activities such as providing information, applications, and assistance in obtaining coverage through Minnesota health care programs.	140	90	90	90
Health Care Access Fund							
COBRA Subsidy	M02	H744	This allotment funds payments under the Minnesota COBRA Premium Subsidy. The subsidy provides direct payments to insurers for 25% of a qualifying individual's monthly COBRA premium. To be eligible for the program, individuals must be eligible for the federal COBRA premium subsidy and meet income and asset guidelines for Minnesota Health Care Programs. The Minnesota COBRA Premium is scheduled to end in August 2011.	5,676	16,806	110	110
Outreach Grant - HCAF	M02	H745	Funds grants for outreach activities such as providing information, applications, and assistance in obtaining coverage through Minnesota health care programs.	40	40	40	40
Care Coordination Pilots	M02	H794	This allotment funds up to four pilot projects for children & adults with complex health care needs who are enrolled in MA fee-for-service.	404	0	0	0
Neighborhood Care Network	M02	H796	This allotment funds a required statewide toll free telephone number to provide information on public & private health coverage options and source of free and low cost health care.	70	150	0	0

Health Care Grants BACT #51, continued

Statutory Appropriations

Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Special Revenue Fund				\$95,619	\$35,000	\$32,000	\$32,000
Elderly Waiver (EW) Contract Process	R09	H123	Elderly Waiver grant claims are processed by MMIS for a fee under a contract with private health plans. - Current Plans include South Country and Care.	95,619	35,000	32,000	32,000
Federal Funds	Required state match / MOE? Yes/No			\$1,998	\$4,342	\$5,358	\$5,946
SHAP Grants F03, H406	N	N	The purpose of this grant is to increase access to affordable health care for uninsured persons in Minnesota through the development and implementation of the Minnesota Health Care Programs (MHCP) electronic application, verification system, and a customer contact center in alignment with the requirements of the health insurance exchange mandated by the ACA to maximize the integration of Minnesota's automated systems and a future health insurance exchange, and through health care coverage, with an emphasis on prevention and primary care, offered by Local Access to Care Programs.	1,998	4,342	5,358	5,946

Aging & Adult Services BACT #53							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation							
General Fund							
Caregiver Support Grants	S26	H711	Grants to counties and nonprofit organizations to provide caregiver and respite services, support groups and training in care giving.	455	416	496	456
SAIL/EDP and LAH/BN Grants	S26	H802	SAIL/EDP: \$754,000. Grants to certain counties and Area Agencies on Aging (AAAs) to integrate, coordinate and enhance informal, quasi-formal and formal services for seniors. (Impacts 87 counties that serve 350,000 older individuals) Block Nurse: \$617,000 to 31 service providers for -in-home services.	1,371	1,252	1,494	1,373
Epilepsy Demonstration Project Grant	S26	S104	Grant to a nonprofit organization for independent living skills training to adults with intractable epilepsy. (Approximately 16-20 served per year)	262	237	283	260
Aging Prescription Drug Assistance Grant	S26	S112	Grants to AAAs and service providers to provide statewide outreach and education assistance to low income seniors regarding Medicare and supplemental insurance, including Medicare Part D.	887	805	960	882
Essential Community Support Grants	S26	S138	Limited benefit program for persons who would lose Medical Assistance eligibility when Nursing Facility Level of Care changes (now postponed due to MOE).	0	0	6,410	7,279
Senior Nutrition Program Grants	S26	S140	Grants to AAAs and service providers to supplement federal funding to provide meals, and other related services in a congregate meal setting or to homebound seniors. (Approximately 57,000 congregate and 14,000 home delivered unduplicated persons served).	1,958	2,342	2,792	2,568
Community Service Development Grants	S26	S141	Grants for capital improvements, remodeling, and programs to for-profit and nonprofit organizations, and units of government to rebalance the long-term care service system. Has supported 320 new projects expanding service options for approximately 250,000 individuals through 50,000+ volunteers and has helped to build or renovate over 1,400 units of housing. (See also S142). Included in governor's unallotment for FY 10 and FY 11.	0	1	2,844	2,841
Community Service Grants	S26	S142	Grants for remodeling and program expansion to nonprofit entities and units of government to rebalance the long-term care service system. (See also 141- Community Service Development Grants.)	1,701	1,560	3,030	2,983

Aging & Adult Services BACT #53, continued							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation, continued							
General Fund, continued							
Information and Assistance Grants	S26	S145	Grants to non-profit and community organizations and area agencies on aging provide information and assistance regarding home-based and community-based services. (Approximately 108,000 served in FY 2009). (Total persons served also include those from the Aging Prescription Drug Assistance program (S112), CMS Basic Health Insurance Counseling grants (S191), CMS Medicare Improvement for Patients and Providers Act (MIPPA) grants- S279 and the MN Senior Medicare Patrol Project (S604)).	866	785	937	861
Nursing Facility Return to Community	S26	S170	Senior Linkage Line assists persons identified as potentially successful in moving from a nursing home into the community. Focuses on private pay individuals who would spenddown in a facility and become Medical Assistance eligible.	272	862	1,026	1,112
Community Consortium	S26	S171	A part of the Community Service/Services Development Grant programs carved out during the 2009 legislative session to meet nursing facility and community services goals.	839	810	0	0
Senior Volunteer Programs	S26	S183	Grants to counties and nonprofit organizations that supplement federal funding to provide volunteer opportunities in the Foster Grandparent, Senior Companion, and the Retired and Senior Volunteer Programs. More than sixteen thousand volunteers provide a total of 2.1 million hours of volunteer service. (Approximately 7,600 served in 2009).	1,907	1,725	2,062	1,895
Statutory Appropriation							
Special Revenue Fund				\$200	\$187	\$187	\$187
Nursing Home Advisory Council	R27	S105	Grant to nursing home resident councils for ongoing education, training and information dissemination. (FY09 approx. 700 served)	180	187	187	187
Long-Term Partnership Grants	R77	S130	This grant ended in FY 08.	20	0	0	0
Federal Fund	Required state match / MOE? Yes/No			\$19,424	\$21,849	\$21,503	\$20,720
CMS Basic Health Insurance Counseling Grants F37, S191	Y	N	Grants to AAAs and service providers to provide health insurance counseling, education and assistance services to seniors to help obtain health insurance benefits. (See S145)	468	297	297	297
Aging & Adult Services BACT #53, continued							

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriation, continued							
Federal Fund, continued							
Nutrition Services Incentive Program F38, S181	N	N	OAA grants to AAAs and local nutrition providers as a separate allocation based on the number of meals served in the previous project year. (See S140)	2,097	2,210	2,210	2,210
Medicare Improvement MIPPA F39, NO47	Y	N	Grants to MN Board on Aging to expand, extend or enhance the outreach efforts to beneficiaries on Medicare Part D and for those with limited incomes.	0	104	139	35
Alzheimer's Outreach Grants F79, S169	Y	N	OAA grants to AAAs and service providers to provide early identification of Alzheimer's disease and support to families with seniors suffering with Alzheimer's disease. (Approximately 5,000 served in FY 2009.)	46	291	291	291
Alzheimer's Innovation Grants F79, S215	Y	N	OAA grants to providers and AAAs to implement evidence-based programs throughout Minnesota.	126	242	242	242
Administration on Aging (AOA) Resource Disability Center Grant F93, S176	Y	N	OAA grants to establish aging and disability resource centers that will create linkages with various systems including institutional care, pre-admission screening, hospital discharge planning and community agencies and organizations that serve targeted populations.	106	221	221	55
MIPPA Grants CMS F94, S178	Y	N	CMS funding to expand, extend or enhance the outreach efforts to beneficiaries on Medicare Part D.	20	77	0	0
Title III D Health Promotion Grants F95, S150	Y	N	OAA grants to AAAs and service providers to provide preventive health information and services to seniors (Approximately 8,400 served in FY 2009).	298	350	350	350
Title VII Elder Abuse Prevention Grants F96, S167	N	N	OAA grants to service providers to provide activities related to elder abuse prevention.	0	43	43	43
Title III E Caregiver Grants F98, S147	Y	Y	OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. (Approximately 23,800 served in FY 2009). Also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activities Grant	1,913	1,850	1,850	1,850
Title III E Grandparents Raising Grandchildren Grants F98, S148	Y	Y	OAA grant to a service provider to provide caregiver support services to grandparents raising their grandchildren.	163	225	225	225
Aging & Adult Services BACT #53, continued							

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriation, continued							
Federal Fund, continued							
Title III E Statewide Activities Grants F98, S149	Y	N	OAA grants to AAAs and service providers to provide statewide training, education and caregiver support activities.	67	125	125	125
Title III C2 Home Delivered Nutrition Services Grants F99, S156	Y	N	OAA grants to AAAs and service providers to provide home delivered meal services targeted to seniors in the greatest economic and social need. (See S140)	2,190	2,625	2,625	2,625
Federal Fund: ARRA				\$1,573	\$287	\$208	\$0
Chronic Disease Management Grants H11, Z140	N	N	OAA grants to support implementation of the evidence-based Chronic Disease Self-Management Program.	18	287	208	0
ARRA Congregate Meals Grants H31, Z109	Y	N	2009 American Recovery and Reinvestment Act grants for congregate senior meals.	1,042	0	0	0
ARRA Home Delivered Meals H99, Z110	Y	N	2009 American Recovery and Reinvestment Act grants for home delivered senior meals.	513	0	0	0

BACT # 54 Deaf & Hard of Hearing Grants							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation							
General Fund				\$1,821	\$1,609	\$1,936	\$1,767
DHHS Grants	S27	S311	Grants for multiple services and equipment to help Minnesotans who are deaf, deafblind, and hard of hearing or have multiple disabilities, including deafness, to remain independent and part of their communities. In FY 09 these grants served 22,000 people	1,781	1,569	1,896	1,727
Hearing Loss Mentors	S27	S362	Grant funding pays for deaf mentors to work with families who need to learn sign language and communication strategies to communicate with their children who have learning loss.	40	40	40	40
Statutory Appropriations							
Special Revenue Fund				\$197	\$264	\$240	\$240
Campaign AD Caption	R06	S363	Funding from Secretary of State to promote and provide sign language interpreting services and real-time captioning so that people who are deaf, deafblind, hard of hearing have access to candidate forums, campaign information and voting on election day.	0	24	0	0
Rural Real Time Grant	R26	S355	Grants to rural television stations in Minnesota to provide real-time captioning of news and news programming where real-time captioning does not exist.	197	240	240	240

Disabilities Grants BACT# 55							
Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation							
General Fund				\$30,704	\$29,734	\$21,700	\$23,538
State Case Management Grants	S29	H112	Funding to clinics and community based organizations for the provision of case management services to persons living with HIV as well as payments to purchase insurance coverage for eligible individuals. (Approximately 900 clients served per year). During two different legislative sessions (2008, 2010), the appropriation has been delayed one fiscal year and repaid in the next biennium. FY 12 shows the normal base amount for the program.	797	1,564	1,263	2,216
State Insurance Premium Grants	S29	H115	Funding to supplement federal allocations (H119) and special revenue funds (H125) to maintain private insurance coverage for people living with HIV. These three funding streams serve approximately 1,500 persons per year. NOTE: Due to budget reductions, the base amount per year varies. During two different legislative sessions (2008, 2010), the appropriation has been delayed one fiscal year and repaid in the next biennium. FY 12 shows the normal base amount for the program.	2,163	23	1,162	2,041
PASRR for Person with MI and DD	S29	H713	Funding to reimburse counties for costs associated with completing federally required pre-admission screening and resident reviews (PASRR) of nursing home applicants or residents with a probable mental illness or a developmental disability.	3	20	20	20
Housing Access Services Grants	S29	S187	Grants to assist individuals to move out of licensed settings or family homes into homes of their own. This funding was appropriated during the 2007 session as part of the proposal to Limit growth in the disability waivers and manage costs.	450	474	470	471
Consumer Support Grants	S29	S199	The Consumer Support Grant (CSG) program is a state-funded alternative to Medicaid home care services of home health aide, personal care assistance and/or private duty nursing. Counties administer the CSG grants and work with consumers who are seeking greater flexibility and freedom of choice in their home care service delivery. Note: There is a small base for this grant plus a transfer from Medical Assistance. (Approximately 1,657 people served per year).	14,783	14,601	1,140	1,005

Disabilities Grants BACT# 55, continued							
Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation, continued							
General Fund, continued							
Semi-Independent Living Skills (SILS) Program	S29	S406	Grants to counties to assist adults with developmental disabilities, who are not eligible for the DD waiver or ICF/MR to maintain or increase independence in activities of daily living. SILS provides needed training and assistance in managing money, preparing meals, shopping, personal appearances etc. 70% is paid by the state with a 30% county match. (Approximately 1,552 people served).	7,869	7,047	8,392	7,683
DD Family Support Grants	S29	S407	Grants to families to offset the higher than average cost of raising a child with a disability. Allows children to stay in their family home. (Approximately 1,628 families served).	4,045	3,623	4,313	3,948
Technology Grants; MNCHOICES (formerly COMPASS).	S29	S409	Grants to lead agencies to purchase necessary technology to support MNCHOICES.	0	500	0	0
Technology Grants; Corporate Foster Care Alternatives	S29	S415	Funding appropriated during the 2009 session for technology, case consultation, evaluation and consumer information grants to assist in developing alternatives to shift-staff foster care residential services models.	0	1,000	950	600
Alternatives to PCA Grants	S29	S417	Funding appropriated during the 2009 Legislative session to implement alternative services to PCA services for persons with mental health and other behavioral challenges who can benefit from other services that more appropriately meet their needs and assist them in living independently in the community.	0	0	3,237	4,856
Region 10 Quality Assurance	S29	S418	The 2009 Legislature eliminated funding for the Region 10 Quality Assurance Commission. During the 2010 legislative session; a portion of the grant was restored on a one-time basis for FY 11.	0	100	0	0
Disability Linkage Line	S29	S462	Grants for a statewide information and assistance network for people with disabilities to obtain needed services. These are administered through a contract with two Centers for Independent Living (CIL).	594	532	634	579
MNDHO	S29	S463	Minnesota Disability Health Options (MNDHO) is ceasing operations as of January 1, 2011. These grants to counties assist with the transition of adults from MNDHO to fee-for-service.	0	250	0	0
Advocating Change	S29	N041	Appropriation to DHS. See also S435 under Advocating Change Together. This is a pass-through grant to the non-profit, Advocating Change Together. Language passed during the 2010 session that requires the state to seek a federal match on the grants.	0	0	119	119

Disabilities Grants BACT# 55, continued							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriation							
Special Revenue Fund				\$3,343	\$7,564	\$6,460	\$6,350
ADAP Drug Rebates-Title II Grants	R08	H125	Dedicated funding resulting from ADAP drug rebates that supplements state (H115) and federal (H119) allocations to maintain private insurance coverage and/or purchase HIV related drugs. These 3 funding streams serve approximately 1,500 persons.	3,095	7,344	6,460	6,350
Hennepin County Grant	R60	H129	DHS provides dental healthcare services for at least 216 clients living with HIV/AIDS in the 13 county metro area. The services shall be provided by MA fee-for-service qualified providers with reimbursement for services administered through MMIS.	121	101	0	0
Activating Change Together	R79	S435	Transfer from the Department of Administration to DHS. This is a pass-through grant to the non-profit, Advocating Change Together. Language passed during the 2010 session that requires the state to seek a federal match on the grants. NOTE: The first two years of the grant were transfers from the Department of Administration. Starting in FY 12 and FY 13, DHS receives an appropriation for the grant.	127	119	0	0
Federal Fund	Required state match / MOE? Yes/No			\$6,745	\$6,742	\$4,182	\$3,713
Ticket to Work Grants E03, S431	N	Y	Grants to state agencies and stakeholder organizations to build infrastructure that facilitates the employment of people with disabilities. Grant's focus is on improving the infrastructure of the support and employment systems in Minnesota to enable people to work.	1,442	3,746	1,668	0
Ryan White Part B Supplemental F21, F200	N	N	This grant which supplements the Ryan White grant is a competitive grant that is awarded to states with demonstrated need. The funding helps low income persons living with HIV/AIDS get access to HIV/AIDS medications. The supplemental funding is for FY 11.	0	126	0	0
Title II - Base Grant F59, H118	N	N	Dedicated federal funding that helps individuals with HIV / AIDS obtain access to necessary medical care, nutritional supplements, dental services, mental health services, support services and outreach to high risk, underserved populations.	1,791	1,847	1,957	1,956
Part B – ADAP Grants - Title II Grant F59, H119	N	N	Federal funding dedicated to maintain private insurance coverage for people living with HIV and/or purchase HIV related drugs. Funds used in conjunction with state (H115) and special revenue (H125) funds (Approximately 1,500 people served.).	4,376	4,387	4,589	4,589

Disabilities Grants BACT# 55, continued								
Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base	
Statutory Appropriation, continued								
Federal Fund, continued								
Minority Aids Initiative Outreach Grant F59, H153	N	N	Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served).	0	44	44	44	
	New Grant	Required state match / MOE? Yes/No						
Minority Aids Initiative Outreach Grant F60, H122	N	N	N	Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served).	30	0	0	
Refugee SS HIV Case Mgmt. F70, H120.	N	N	N	Federal funding dedicated to provide Refugee HIV case management services and assistance for persons in obtaining medical, housing, nutritional, social, community, legal, financial and other needed services. (Approximately 50 people served).	6	0	0	
Money Follows the Person New Federal Grant New Appr, New Allotment	Y	N	Y	Federal grant to continue Minnesota's development of home and community based services as a preferred and cost effective alternative to institutional care. Provided enhanced match to qualifying individuals for 12 months to offset transitional expenses and demonstrates effective practice. It also covers administrative costs to stabilize and develop needed services to prevent reliance on institutional care. NOTE: In the process of applying for the federal funding. Grant request is for 6 fiscal years through FY 17. Existing service costs are estimated to be approximately \$224 million over the six year period. At least 75% FFP can be earned from these expenditures. (This amount will be updated as the application process moves forward).The federal funding must be reinvested into the program.	0	873	3,811	2,393

Adult Mental Health Grants BACT #57

Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$71,160	\$71,643	\$77,539	\$77,539
South Central Crisis Program	S28	M107	This grant funds Crisis Residential Stabilization Services (CY2011 est. 590 adults served), Mobile Crisis Services (CY 2011 est. 250) and rapid access to psychiatry or other prescribers (CY 2011 est. 600 adults); 24 hour Crisis Line (CY 2011 est.1,1000). Base funding was appropriated to BACT 61 (State Operated Servcies) and transferred to Adult Mental Health Grants each year in FY2012-13 for administration.	0	600	0	0
Adult Mental Health Integrated Fund	S28	M109	Grants to counties for Adult MH Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants. (CY 2009, 18,800 adults served)	64,423	61,489	67,685	67,685
Rule 78 Adult Mental Health Grant	S28	M113	Grants to counties for community support services to adults with serious and persistent mental illness. (CY 2009, 11,200 adults served)	3,650	6,291	6,291	6,291
Crisis Housing	S28	M139	Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available. (CY 2009 - 300 adults served)	143	610	610	610
Mental Health Alternatives to ML Grant	S28	M142	Grants to community hospitals to provide alternatives to RTC mental health programs. These grants are awarded based on a competitive RFP that is re-issued every 5 years. These funds pay for extended inpatient treatment when other funding, such as Medicare, is inadequate to cover these stays. (CY2010 - provided 4,792 bed days of care)	2,644	2,653	2,653	2,653
AMH- Culturally Specific Services	S28	R503	New funding appropriated as part of 2007 Governor's MH Initiative to support increased availability of mental health services for persons from cultural and ethnic minorities. Prior to release of RFP, FY09 was unallotted due to budget deficit (Estimate that 600 adults will be served in CY2011)	300	0	300	300

Adult Mental Health Grants BACT #57

Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund				\$71,160	\$71,643	\$77,539	\$77,539
South Central Crisis Program	S28	M107	This grant funds Crisis Residential Stabilization Services (CY2011 est. 590 adults served), Mobile Crisis Services (CY 2011 est. 250) and rapid access to psychiatry or other prescribers (CY 2011 est. 600 adults); 24 hour Crisis Line (CY 2011 est. 1,1000). Base funding was appropriated to BACT 61 (State Operated Services) and transferred to Adult Mental Health Grants each year in FY2012-13 for administration.	0	600	0	0
Adult Mental Health Integrated Fund	S28	M109	Grants to counties for Adult MH Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants. (CY 2009, 18,800 adults served)	64,423	61,489	67,685	67,685
Rule 78 Adult Mental Health Grant	S28	M113	Grants to counties for community support services to adults with serious and persistent mental illness. (CY 2009, 11,200 adults served)	3,650	6,291	6,291	6,291
Crisis Housing	S28	M139	Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available. (CY 2009 - 300 adults served)	143	610	610	610
Mental Health Alternatives to ML Grant	S28	M142	Grants to community hospitals to provide alternatives to RTC mental health programs. These grants are awarded based on a competitive RFP that is re-issued every 5 years. These funds pay for extended inpatient treatment when other funding, such as Medicare, is inadequate to cover these stays. (CY2010 - provided 4,792 bed days of care)	2,644	2,653	2,653	2,653
AMH- Culturally Specific Services	S28	R503	New funding appropriated as part of 2007 Governor's MH Initiative to support increased availability of mental health services for persons from cultural and ethnic minorities. Prior to release of RFP, FY09 was unallotted due to budget deficit (Estimate that 600 adults will be served in CY2011)	300	0	300	300
Health Care Access Fund				\$750	\$750	\$750	\$750
Adult Mental Health Crisis Grants	M28	M101	Adult mental health crisis grants to metro counties to build capacity for mobile crisis teams—particularly to cover costs for uninsured. Administered along state general fund crisis grant funds that are part of the Adult MH Initiative grants listed above.	750	750	750	750
Lottery Cash Flow				\$1,427	\$1,430	\$1,508	\$1,508
Gambling Grants Lottery Transfer	P01	M159	Funds transferred from the Minnesota State Lottery to DHS for compulsive gambling prevention and treatment. FY08 includes one-time funding for public prevention and education. (1,100 people receive treatment per year)	1,427	1,430	1,508	1,508

Adult Mental Health Grants BACT #57, continued							
Statutory Appropriations							
Special Revenue Fund				\$231	\$251	\$340	\$340
Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
J & J Dartmouth Mental Health Support Employment Grants	R46	M186	Johnson and Johnson Foundation Grant through Dartmouth College to promote evidence-based supported employment services for adults with serious mental illness.	12	0	0	0
Comp. Gamble Indian Game	R74	M164	Additional Lottery funds for the compulsive gambling program – see description for allotment M159 above.	219	251	340	340
Federal Fund	Required state match /MOE? Yes/No			\$4,888	\$8,964	\$5,716	\$5,716
MH McKinney Grant F16, M133	Y	N	Grants to counties and non-profit agencies for outreach and mental health services to homeless people. About \$500,000 per year of Adult MH Integrated state funds (see above) are used as match for these federal funds. (9,200 people served per year)	659	659	659	659
TBI Services F44, S420	Y	N	Funds interagency agreements with the Department of Corrections to support efforts to improve their services for persons with a traumatic brain injury (TBI).	39	250	0	0
COSIG MI CD Grants F58, M183	N	N	Co-occurring state incentive grants (COSIG) to promote evidence-based integrated dual-diagnosis services for Mental Illness (MI) and Chemical Dependency (CD).	106	123	40	40
Federal MH Block Grant – Demonstration Projects F85, M132	N	Y	Grants to counties and non-profit agencies for innovative projects based on best practices. Projects include children’s mental health collaboratives, crisis services for children and adults, adult mental health initiatives and self-help projects for cons	0	4,320	3,307	3,307
Federal MH Block Grant – Indian Mental Health Services F85, M167	N	Y	As required by state law, 25% of the Federal MH Block Grant is used for grants to American Indian Tribes and non-profit agencies to provide mental health services, particularly community-support services, to American Indians.	3,324	1,712	1,710	1,710
MHBG Child Training Grants F85, M189	N	Y	Grants to public, non-profit, and tribal provider agencies and to mental health professionals to improve core clinical skills; improve understanding of and compliance with mental health law, rule, and policy; and thereby enhancing provider capacity, quality of care, and access to the right mental health services at the right time.	490	1200	0	0
MHBG Child Demo Grants F85, M190	N	Y	Grants to public, non-profit, and tribal provider agencies to implement service delivery infrastructure statewide and provide access to emerging advances in mental health treatments and evidence-based practices.	270	700	0	0

Children's Mental Health Grants BACT #58

Grant / Activity	Appr	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation							
General Fund							
Children's Mental Health Screening Grant	S39	M145	Grants to county child welfare and juvenile justice agencies to pay for mental health screenings and follow-up diagnostic assessment and treatment; covers children already deeply involved in child-serving systems. (In CY 2009, 4,279 child welfare clients and 4,698 juvenile justice clients served.)	4,559	4,633	3,811	3,811
Children's Mental Health Targeted Case Management Grants	S39	M169	Grants to counties to offset their cost of providing MA-reimbursed mental health case management services for children. (Approx. 2,888 per year served by counties since transfer to managed care.)	3,338	2,146	2,146	2,146
CMH - Capacity School Based Services	S39	R401	Grants to provider agencies to integrate mental health service capacity into the non-stigmatized natural setting of children's schools and to cover direct clinical and ancillary services for uninsured and under-insured children. Part of the 2007 Governor's MH Initiative. (Number served--School year 2008-09: 4,698 children. School year 2009-10: 6,470 children. Serves Pre-K to age 21)	4,777	4,777	4,777	4,777
CMH - Capacity Respite Grants	S39	R402	Grants to counties to build service capacity for planned and emergency respite to relieve family stress that can result in out-of-home placement, violence, and ER visits. (Children served in CY 2006--306; CY 2007--626; CY 2008--1,024.)	781	1,024	1,024	1,024
CMH - Capacity Early Intervention Grants	S39	R403	Grants to provider agencies to build evidenced-based MH intervention capacity for children birth to age 5 whose social, emotional, and behavioral health is at risk due to biologically-based difficulty in establishing loving, stable relationships with adults; having cognitive or sensory impairments; or living in chaotic or unpredictable environments. Part of 2007 Gov. MH Initiative (990 served in SFY 2010, mostly in child-care and pre-school. DHS training qualified at least one MH professional in all by one county.)	1,171	1,024	1,024	1,024
CMH - Crisis Services Grants	S39	R404	Grants to counties in regional partnerships to build psychiatric crisis response capacity, including mobile crisis intervention and follow-up stabilization services. Part of 2007 Governor's MH Initiative. (CY 2008--820 crisis episodes; CY 2009--2,411 crisis episodes) Few were clients with repeat crises: 73% had no history of hospitalization; 70% had no history of residential treatment.	2,354	2,850	2,850	2,850

Children's Mental Health Grants BACT #58, continued							
Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriation, continued							
General Fund, continued							
CMH - Capacity Evidence Based Practices	S39	R405	Grants to individual mental health clinicians to train them in the use of scientific evidence to support clinical decision-making and to implement evidence-based interventions across the state. Part of 2007 Gov. MH Initiative. (Trained: 115 clinicians from 30 agencies; 17 clinicians from 4 residential treatment ctrs.) (67 clinicians currently being trained in Trauma-Focused Cognitive Behavioral Therapy) (29 clinicians trained in Parent-Child Interaction Therapy)	716	750	750	750
CMH - Cultural Competence Provider Capacity Grants	S39	R406	Grants to provider agencies to support cultural minority individuals to become qualified mental health professionals and practitioners; to increase access of mental health services to children from cultural minority families; and to enhance the capacity of providers to serve these populations. (CY2009 Paid 1,333 hours of clinical supervision for 44 interns completing requirements for licensure and other credentialing. 355 minority children received direct MH services)	65	300	300	300

CD Non-Entitlement Grants BACT # 59

Grant / Activity	Appr.	Allot.	Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Direct Appropriations							
General Fund							
CD Treatment Grants	S34	R602	Legislatively designated for two grantees, Anoka County and the Faribault & Martin Human Services Board to treat methamphetamine abuse and the abuse of other substances. The focus audience is women with dependent children identified as substance abusers, especially those whose primary drug of choice is methamphetamine.	300	300	300	300
Mother's First-Ramsey County	S34	R604	One-time funding for a program in Ramsey County that provides early intervention efforts designed to discourage pregnant women from using alcohol and illegal drugs. (SFY2009 - 56 women served, combined with R603 below)	58			
CD Native American Program	S34	S205	Provides funds to American Indian tribes, organizations, and communities to provide culturally appropriate alcohol and drug abuse primary prevention and treatment support services. Federal funds also partially support this activity. SFY2010 - 7,100 people served. Nine projects funded in FY2010 & FY2011	1,020	1,036	1,036	1,036
Statutory Appropriations							
Special Revenue Fund							
SEOW Epidemiology Grants	R24	R600	Grants to support the State Epidemiology Outcomes Workgroup which is a time limited project to synthesize available data to better inform local and statewide planning for alcohol, tobacco and other drug prevention efforts.	161	12	0	0
CCDTF Other Services	R42	S218	Reimburses providers through the Consolidated Fund for the provision of chemical dependency treatment services to persons whose income is over 100% of Federal Poverty.	1,643	1,400	1,400	1,400
Federal Fund	Required state match / MOE? Yes/No			\$14,013	\$19,023	\$14,436	\$14,435
SPF SIG Prevention Grants F77, R607	N	N	Provides grants to approximately 10-15 geographically defined communities (to be determined by the applicant i.e. counties, cities, school districts etc.) to address the priority needs identified relating to alcohol and substance abuse prevention among youth and 18 to 25 year olds.	51	3,640	1,829	1,829

CD Non-Entitlement Grants BACT # 59, continued

Grant / Activity	Required state match / MOE? Yes/No		Purpose / People Served	FY 2010 Actual	FY 2011 Budget	FY 2012 Base	FY 2013 Base
Statutory Appropriations, continued							
Federal Fund, continued							
CDBG Coordination & Evaluation SAPT Block Grant F83, S225	N	Y	Funds for planning, technical assistance, and evaluation activities related to the effective state utilization of the SAPT Block Grant including state Synar related activities.	161	110	120	120
CDBG Specialized Women Services SAPT Block grant F83, S232	N	Y	Grants to community based providers to improve the delivery of chemical dependency treatment services to pregnant women and women with children by providing ancillary services such as safe housing, day care, parenting training, education, and social support. Fifteen grants provided in SFY2011 to counties and non-profit providers. (SFY2009, 1,600 people served.)	6,801	4,841	3,987	3,987
CDBG Primary Prevention SAPT Block Grant F83, S235	N	Y	Grants to agencies that expose Minnesotans to appropriate chemical health messages from multiple sources utilizing prevention strategies which include info dissemination, education, problem identification & referral, and community mobilization projects. Grants were provided to a total of 31 cities, counties or non-profit applicants in SFY2011. (SFY09 - 3,125,000 people served)	2,605	5,444	5,412	5,412
CDBG Treatment Special Project F83, S240	N	Y	Grants to non-profit organizations and counties to enhance recovery from alcohol and drug addiction by providing education, support groups, job seeking support, recovery coaching and support to the chronic chemically dependent population. Eight grants were provided to applicants in SFY2011.	1,153	2,050	0	0

HUMAN SERVICES DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm.		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	51,072	49,700	45,815	46,114	91,929
State Government Spec Revenue	0	0	6,000	6,000	12,000
Grants:					
General	2,098	39	39	0	39
Other Revenues:					
General	133,734	132,291	128,006	130,155	258,161
Health Care Access	7,121	7,092	6,655	6,467	13,122
Taxes:					
General	231,443	237,350	641,843	704,856	1,346,699
Total Non-Dedicated Receipts	425,468	426,472	828,358	893,592	1,721,950
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
Miscellaneous Special Revenue	6,087	100	100	100	200
Departmental Earnings:					
General	-18	0	0	0	0
Health Care Access	-132	0	0	0	0
Miscellaneous Special Revenue	47,722	57,882	64,781	66,588	131,369
Federal	14,180	0	0	0	0
Federal Stimulus	1,745	0	0	0	0
Revenue Based State Oper Serv	82,066	81,012	81,012	81,012	162,024
Mn Neurorehab Hospital Brainer	6,773	2,128	2,128	2,128	4,256
Dhs Chemical Dependency Servs	20,264	20,933	20,933	20,933	41,866
Materials Distribution	937	898	898	898	1,796
Grants:					
Miscellaneous Special Revenue	154,930	98,764	99,902	101,192	201,094
Federal	5,006,625	5,177,835	5,685,156	5,978,296	11,663,452
Federal Stimulus	1,138,571	871,284	12,571	5,434	18,005
Other Revenues:					
General	801	0	0	0	0
Health Care Access	47	0	0	0	0
Miscellaneous Special Revenue	137,030	122,089	109,920	111,848	221,768
Federal	35,104	14	14	14	28
Federal Stimulus	4,626	0	0	0	0
Miscellaneous Agency	643,181	648,584	658,998	659,633	1,318,631
Gift	28	47	18	17	35
Endowment	1	1	1	1	2
Revenue Based State Oper Serv	184	171	171	171	342
Mn Neurorehab Hospital Brainer	7	4	4	4	8
Dhs Chemical Dependency Servs	7	0	0	0	0
Materials Distribution	1	2	2	2	4
Other Sources:					
Miscellaneous Special Revenue	0	1,401	1,400	1,400	2,800
Federal	0	2	0	0	0
Miscellaneous Agency	3,285	4,499	4,499	4,499	8,998
Total Dedicated Receipts	7,304,052	7,087,650	6,742,508	7,034,170	13,776,678
Agency Total Revenue	7,729,520	7,514,122	7,570,866	7,927,762	15,498,628

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Change Summary	7

Agency Purpose

The Minnesota Humanities Center works to build a thoughtful, literate, and engaged society by increasing the academic performance of all students, closing the achievement gap, and engaging the broader community in activities and dialogue that strengthen knowledge and understanding and deepen cultural connections.

M.S. Chapter 138.911 charges the Minnesota Humanities Center with providing leadership, programs, and resources that advance the study of the humanities in schools, colleges, and cultural organizations throughout the state.

At a Glance

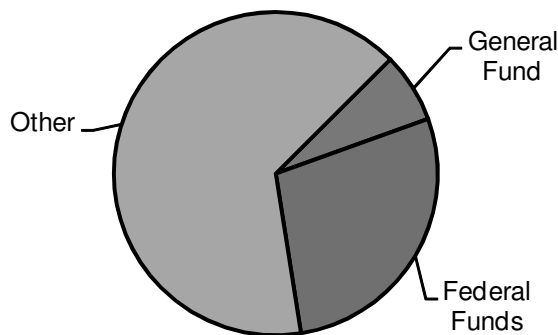
Humanities Center Programs

- 256 meetings and events a year are conducted at the Humanities Center, serving over 8,000 people associated with local community organizations.
- 30,500 individuals attended Humanities Center-conducted and supported programs in 2009.
- 85% of program participants report increases in community engagement and activities as a result of the Humanities Center’s programs.
- More than 1,000 educators are trained annually by the Minnesota Humanities Center’s professional development offerings—impacting over 84,000 students.
- 80% of teacher workshop participants report increased competency in classroom instruction.
- Recent evaluation of the Humanities Center’s work with partner schools in Minneapolis shows statistically significant improvement in overall student test scores in reading and math compared with their counterparts in non-participating schools. (Wilder Research Center 2010).

Humanities Center Legacy and Councils of Color

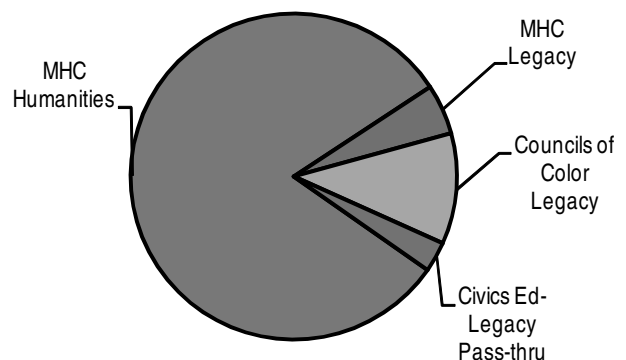
- An average of 285 people per month have benefited from community programming, including monthly artistic, cultural and historical events.
- The Humanities Center is coordinating and distributing a collection of stories rarely shared outside of traditional cultural circles in partnership with the four councils of color: Indian Affairs Council, the Council on Black Minnesotans, the Chicano Latino Affairs Council and the Council on Asian Pacific Minnesotans.

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Humanities Center Financial Reports

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Humanities Center financials and estimates

Strategies

The Minnesota Humanities Center focuses on three strategies to meet the agency's goals.

1. The Humanities Center strengthens cultural awareness in communities and increases academic success for students by creating partnerships, promoting relationships and collaborating with cultural organizations, libraries, educational institutions, schools and districts, and historical societies.
2. The Humanities Center utilizes distance learning and multi-media content to eliminate time and space barriers, thus engaging a broader section of Minnesotans in its programs. These new delivery methods allow educators and community members access to training programs from any location to increase professional skills, improve student engagement and academic success, as well as build connections across communities.
3. The Humanities Center aligns core or “anchor” lessons seamlessly with state standards so that classroom content reflects Minnesota’s student populations by engaging all students through relevant curriculum and meaningful content.

Operations

The Humanities Center provides professional development programming and community-based programming through both remote access and at its meeting and event center to accomplish its strategies.

Professional Development Training - Through on-line training and live workshops, the Humanities Center offers high quality, content-rich professional development opportunities for educators and community members statewide that they use to help their students achieve academic excellence.

- Strengthen engagement with the curriculum, ensure academic success and close the academic gap. The Humanities Center uses its content trainings to supplement the traditional narratives by providing stories, histories, culture, and art traditionally left out of educational texts and resources.

Community Programs - The Humanities Center provides humanities programming statewide by partnering with cultural and educational organizations, libraries, and museums to increase access to, and engagement in, robust public humanities in educational settings across the state. Specific examples include:

- **Museum on Main Street** — The Humanities Center partners with the Smithsonian Institution Traveling Exhibition Service (SITES), the Minnesota Historical Society, and rural communities to bring this one-of-a-kind cultural project to small town museums and residents of outstate Minnesota. Over the past seven years, Museum on Main Street exhibits have engaged thousands of Minnesotans in over 25 rural communities.
- **Re-grants** — In all but two of the last nine years, the Humanities Center has fostered strong community arts and cultural heritage by providing grant funding for programming for all ages throughout Minnesota.

Meeting and Event Center - Created by the state legislature in 1996, the Humanities Center is a restored architectural landmark that serves as a gathering place for humanities-based learning and community dialogue. Its presence strengthens Saint Paul’s east side neighborhood and provides a meeting and event space for people working to improve Minnesota’s quality of life.

Legacy Funds and Humanities Center alliance with the Councils of Color – In May 2009, the state legislature asked the Humanities Center and the four state councils of color—the Minnesota Indian Affairs Council, the Council on Black Minnesotans, the Chicano Latino Affairs Council and the Council on Asian Pacific Minnesotans—to collaboratively create new programs and events that celebrate and preserve the artistic, historical and cultural heritages of the communities represented by each council. The programs and events are beneficial to all regions and residents of the state.

Key Activity Goals & Measures

Goals

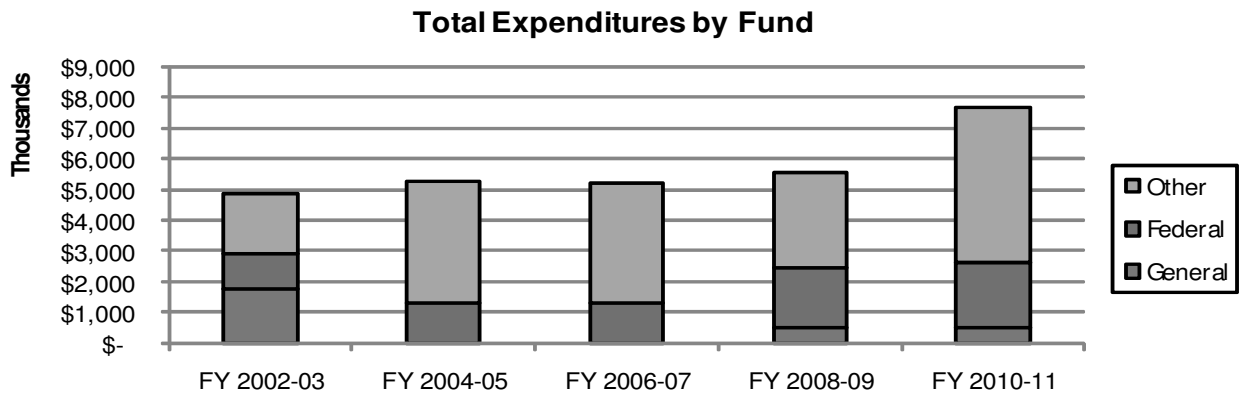
- Increase teachers’ content knowledge.
- Increase teachers’ implementation of new knowledge and resources in their classrooms.
- Increase students of color’s engagement with accurate and comprehensive curriculum content.
- Build the capacity of cultural organizations to conduct high-quality and meaningful humanities programs for the public.
- Increase access to vibrant and engaged public programs that facilitate and frame community conversations.
- Increase the economic diversity of communities throughout Minnesota by building the capacity of local cultural, historic, and educational organizations to expand new audiences, diversify revenue streams and engage new partners.

Measures

- 95% of participating educators report increases in their content knowledge and understanding of the respective content upon completion of Humanities Center programs.
- 50% of participating educators use and implement new knowledge and resources in their classroom curriculum.
- 50% of educators who use the newly enhanced curricula, lesson plans, and/or resources report increases in engagement with the content by the students of color in their classrooms.
- 50,000 Minnesotans positively benefit from high-quality public humanities programs.

To help ensure academic success for all students and increase cultural awareness, the Humanities Center has increased the program budget from 48% of the total expenses in 2007 to 74% in 2009 and a projected 75% in 2010, while decreasing administration and event center overhead. Also nearly 85% of building rental income by outside organizations is used for educational and professional development programs.

Budget Trends Section



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Humanities Center records.

External Factors Impacting the Humanities Center -

One trend the Minnesota Humanities Center is trying to remedy is the achievement gap for underserved student populations. For Minnesotans between 25 and 34 years of age, 42.2% of Latinos, 22.6% of American Indians and 18.6% of African and African Americans have less than a high-school diploma. In stark opposition, only 4.3% of White Minnesotans have not attained this degree.

Minnesota's demographics are changing: there are greater numbers of immigrants, people of color, and communities with lower income and lower education attainment. If the region's growing disparities among groups and neighborhoods are not addressed, these gaps will erode the community's economic competitiveness.

Contact

Minnesota Humanities Center
987 Ivy Avenue East
Saint Paul, Minnesota 55106
Phone: 651-774-0105
Fax: 651-774-0205
<http://www.minnesotahumanities.org>

Ann Glumac
Acting President and CEO
Dr. Matthew E. Brandt
Vice President
Phone: 651-772-4248

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	250	250	250	250	500
Recommended	250	250	250	250	500
Change		0	0	0	0
% Biennial Change from 2010-11					0%
Arts And Cultural Heritage					
Current Appropriation	1,050	1,050	1,050	1,050	2,100
Recommended	1,050	1,050	0	0	0
Change		0	(1,050)	(1,050)	(2,100)
% Biennial Change from 2010-11					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	250	250	250	250	500
Arts And Cultural Heritage	1,050	1,050	0	0	0
Total	1,300	1,300	250	250	500
<u>Expenditures by Category</u>					
Local Assistance	1,300	1,300	250	250	500
Total	1,300	1,300	250	250	500
<u>Expenditures by Program</u>					
Humanities Commission	1,300	1,300	250	250	500
Total	1,300	1,300	250	250	500

HUMANITIES CENTER

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: GENERAL</i>				
FY 2011 Appropriations	250	250	250	500
Subtotal - Forecast Base	250	250	250	500
Total Governor's Recommendations	250	250	250	500
<i>Fund: ARTS AND CULTURAL HERITAGE</i>				
FY 2011 Appropriations	1,050	1,050	1,050	2,100
Technical Adjustments				
One-time Appropriations		(1,050)	(1,050)	(2,100)
Subtotal - Forecast Base	1,050	0	0	0
Total Governor's Recommendations	1,050	0	0	0

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Federal Funds Summary	7
Agency Revenue Summary Fiscal Page	8

Agency Purpose

The Minnesota Indian Affairs Council (MIAC) was established in 1963 (M.S. 3.922) and remains one of the oldest and largest councils in the state and nation. Its primary function is to serve as the official liaison between the state of Minnesota and the eleven tribal governments in the state. The MIAC advises state government on the issues of concern to American Indian tribes and communities; oversees, advises and administers programs designed to enhance economic opportunities; and protects cultural resources for the state's American Indian tribes and communities. The MIAC plays a central role in the development of state legislation and monitors programs that affect the state's American Indian tribes and communities. Minnesota was one of the first states in the nation to see the need for and establish an Indian affairs agency and continues to be a model for other states to follow today.

The agency serves the eleven Minnesota tribal nations and their enrolled membership who reside both on and off of the reservation. The agency also serves the large population of American Indians from out of state currently residing in the state of Minnesota.

At a Glance

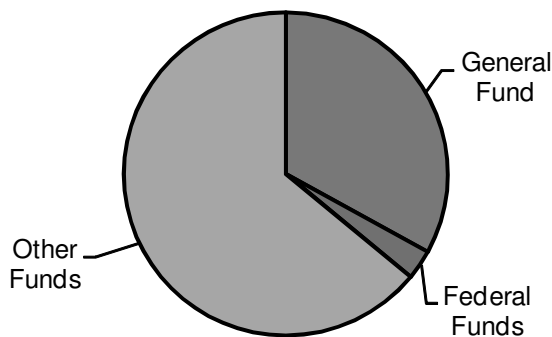
Serve American Indian Tribal Nations in Minnesota: Mille Lacs Band of Ojibwe, Fond du Lac Reservation, White Earth Band of Ojibwe, Grand Portage Reservation, Bois Forte (Nett Lake) Band of Ojibwe, Leech Lake Band of Ojibwe, Red Lake Nation, Upper Sioux Community, Lower Sioux Community, Shakopee-Mdewankanton Indian Community, and Prairie Island Indian Community.

Key Areas of Activity:

- Legislative and Communications Outreach
- Dakota and Ojibwe Revitalization and Grant Program
- Cultural Resources and Reburial Program
- Office of Economic Opportunity/Human Services Grant Outreach

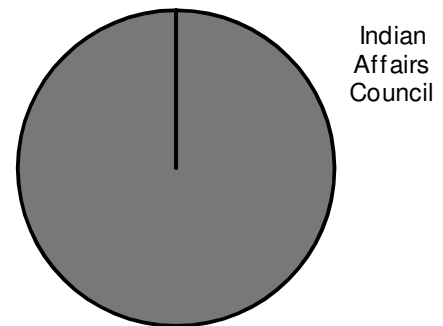
Each area within the Indian Affairs Council serves the American Indian tribes and communities as well as the entire state of Minnesota.

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Accounting and Procurement System (MAPS).

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting and Procurement System (MAPS)

Strategies

The MIAC Board meets quarterly to discuss the most important issues affecting American Indian tribes and people in Minnesota. The Urban Indian Advisory Board (UIAB) board also meets quarterly to discuss the most important issues affecting the urban Indian population of Minnesota. The board hears key testimony pertaining to the critical or most important issues, enters into discussion, and makes a decision how to proceed on a collaborative level to solve the issues. The board frequently passes resolutions supporting actions and activities of the council. The resolutions and any actions taken become the agenda for the council at the state government and legislative level. The staff carries out the agenda of the board in the daily activities by attending legislative meetings and meeting with key people in state government and the legislature who can provide a collaborative resolution to issues or problems affecting American Indian people. All program activities of the MIAC, including general operations, legislative, cultural resources, and human services related will be directed by the council on some level. Key or critical issues always go before the board of the MIAC for resolution or action.

Operations

The MIAC consists of a 28-member board of directors. Membership includes the leadership of the eleven tribal nations or their designees, one member for the governor's staff appointed by the governor, 12 commissioners or their designees, and four legislators. The UIAB, consisting of membership from Minneapolis, St. Paul, Duluth, and Bemidji, also advises the MIAC on critical issues affecting the urban American Indian population.

The MIAC board meets quarterly or as it deems necessary to discuss the critical issues affecting the American Indian people currently in Minnesota. These involve issues that have a statewide impact in many areas, such as education, housing, economic opportunity such as joblessness, health, and human services issues. The board works together on a government-to-government level to provide solutions to those issues that directly affect American Indians residing in Minnesota. The eleven tribal nation leaders or their designees to the board maintain the full authority to act and remain the voting powers on issues requiring immediate action or resolution.

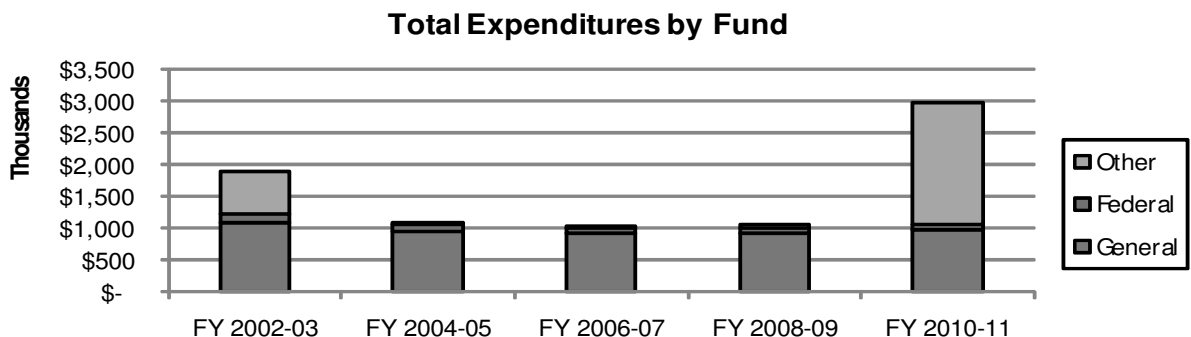
Key Goals & Measures

The mission of the MIAC is to protect the sovereignty of the eleven Minnesota tribes and ensure the well-being of American Indian citizens throughout the state of Minnesota. Key goals that evolve out of this mission include, but are not limited to, ensuring that every American Indian citizen of this state has equal access to education, healthcare, safety and security, and the ability to live independently and prosper in Minnesota's economy.

In an effort to reach the key goals, the MIAC will continue to:

- Monitor existing policy and protect the laws and rights of the American Indian people in Minnesota;
- Hold quarterly meetings of the board and continue to address the most critical issues affecting American Indian tribes and communities;
- Work to identify and resolve burial issues in compliance with state and federal laws;
- Commit to educating legislative and state officials by holding yearly legislative training on Indian issues;
- Scheduling an annual summit for the governor and tribal leaders;
- Work with the Minnesota Department of Veterans Affairs and the new positions of tribal veterans services officers who service the American Indian veterans;
- Work with the Department of Education to address the needs and concerns of educators, parents, and all others working on the education of American Indian children;
- Work with outside entities and private businesses, such as law enforcement agencies, victims advocates services agencies, nonprofits and private industry serving American Indian populations; and
- Bring forward the most critical issues affecting American Indian people in Minnesota in an effort to obtain the best consensus on resolving those issues.

Budget Trends



** FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/23/2010.*

The American Indian population in Minnesota continues to be plagued with some of the worst educational outcomes, health disparities, foster care and adoption placement rates, and economic statistics of any population in the entire state. If the state’s economic outlook does not improve, these issues facing the American Indian population are likely to worsen, which will place additional pressures on the MIAC.

Contact

Annamarie Hill-Kleinhans
 Executive Director
 161 St. Anthony Avenue, Suite, Suite 919
 Saint Paul, Minnesota 55103
 Phone: (651) 296-0041
 Fax: (651)-296-0309
<http://www.indianaffairs.state.mn.us>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	491	486	486	486	972
Recommended	491	486	486	486	972
Change		0	0	0	0
% Biennial Change from 2010-11					-0.5%
Arts And Cultural Heritage					
Current Appropriation	950	950	950	950	1,900
Recommended	950	950	0	0	0
Change		0	(950)	(950)	(1,900)
% Biennial Change from 2010-11					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	436	541	486	486	972
Arts And Cultural Heritage	848	1,052	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	0	120	0	0	0
Federal	57	150	60	60	120
Total	1,341	1,863	546	546	1,092
<u>Expenditures by Category</u>					
Total Compensation	362	415	383	397	780
Other Operating Expenses	179	498	163	149	312
Local Assistance	800	950	0	0	0
Total	1,341	1,863	546	546	1,092
<u>Expenditures by Program</u>					
Indian Affairs Council	1,341	1,863	546	546	1,092
Total	1,341	1,863	546	546	1,092
Full-Time Equivalents (FTE)	5.1	6.1	5.0	5.0	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: GENERAL</i>				
FY 2011 Appropriations	486	486	486	972
Subtotal - Forecast Base	486	486	486	972
Total Governor's Recommendations	486	486	486	972
<i>Fund: ARTS AND CULTURAL HERITAGE</i>				
FY 2011 Appropriations	950	950	950	1,900
Technical Adjustments				
One-time Appropriations		(950)	(950)	(1,900)
Subtotal - Forecast Base	950	0	0	0
Total Governor's Recommendations	950	0	0	0
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	120	0	0	0
Total Governor's Recommendations	120	0	0	0
<i>Fund: FEDERAL</i>				
Planned Statutory Spending	150	60	60	120
Total Governor's Recommendations	150	60	60	120

Narrative

The Minnesota Indian Affairs Council (MIAC) receives federal funds for the Economic Opportunity Program from the Minnesota Department of Human Services (DHS)/Office of Economic Opportunity. DHS and the Indian Affairs Council enter into an interagency agreement each year for this program.

In addition, MIAC was awarded a grant from the United States Department of the Interior/National Park Service in 2009 to enable completion of NAGPRA summaries and inventories of objects and human remains under its control in a timely manner. Since MIAC's last NAGPRA inventory was completed in 1997, approximately 600 sets of human remains and associated funerary objects have been acquired through both inadvertent discovery and identification of remains in existing collections of scientific institutions throughout the state. The grant enables MIAC to complete osteological studies and archival research necessary for determination of cultural affiliation. Through the creation of online databases, it also facilitates the process of providing information to tribes so that repatriations can occur.

Table

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Economic Opportunity Program To assist Minnesota's Indian Reservation governments to plan, develop and administer Community Action and Economic Opportunity programs and to strengthen their role in the statewide Community Action network	No	No	No	57	64	60	60
Native American Graves Protection and Repatriation Act (NAGPRA) grant To complete NAGPRA summaries and inventories of objects and human remains	Yes	Yes	No	0	86	0	0
Total				57	150	60	60

INDIAN AFFAIRS COUNCIL

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm.		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	10	0	0	0	0
Total Non-Dedicated Receipts	10	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	0	120	0	0	0
Federal	57	150	60	60	120
Total Dedicated Receipts	57	270	60	60	120
Agency Total Revenue	67	270	60	60	120

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Agency Revenue Summary Fiscal Page	7

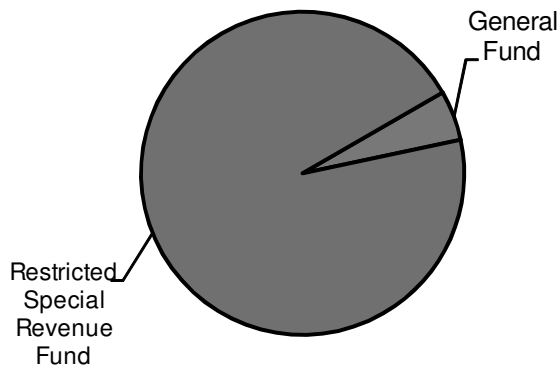
Agency Purpose

The State Board of Investment (SBI) develops and implements investment policies and strategies for the state's retirement funds, trust funds, and cash accounts. The statutory mission of the SBI is "to ensure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk." (M.S. Section 11A.01).

At a Glance

- The State Board of Investment is composed of the state's four constitutional officers.
- SBI provides investment management for the Combined Retirement Funds, Permanent School Fund, Environmental Trust Fund, Assigned Risk Plan, Supplemental Investment Fund, Closed Landfill Investment Fund, Invested Treasurer's Cash, and approximately 50 other accounts.
- On 06-30-2010, assets managed by the board totaled \$52.5 billion.
- The majority of the board's activity relates to investment of retirement funds (86%). Clients are the current and retired members of the three statewide retirement systems (PERA, TRA, MSRS).
- For cash accounts, the board's largest clients are the State Treasurer and the Department of Management and Budget.

Est. FY 2010-11 Expenditures by Fund*



*Expenditures by fund show agency operations only.
Source: Consolidated Fund Statement.

Strategies

All activities of the board are governed by M.S. Chapter 11A and Chapter 356A. To meet the goals established therein, the SBI must:

- Establish and periodically update the investment objectives, asset allocation and investment management structure for each of the funds.
- Seek and retain superior money managers to manage the assets of each fund.
- Monitor and evaluate investment performance to insure investment objectives are met.
- Assess developments in the broad financial markets and evaluate their potential impact on SBI operations and policies.
- Communicate its investment policies to clients and constituents.

The board retains an executive director, an internal investment management staff, and external investment managers to execute its policies. In

performing its duties, the board is assisted by the Investment Advisory Council (IAC) which is composed of 17 persons with investment and retirement fund expertise. SBI staff:

- recommend (with assistance from the IAC) strategic planning alternatives to the board and council and executes board decisions;
- provide internal management for the Permanent School Fund, Environmental Trust Fund, and state cash accounts;
- monitor the performance of all external managers retained by the board; and
- review prospective investment vehicles for legislative consideration.

Operations

Investment activity is divided into two major areas; externally managed and internally managed funds. Each concentration requires different strategies and investment vehicles.

Externally managed funds: Assets of the combined retirement funds, supplemental investment fund, and assigned risk plan are externally management.

- **The combined retirement funds** invest the contributions of public employees and employers. The combined funds invest the assets of approximately 525,000 active and retired employees who are members in ten retirement plans of the statewide retirement funds. The goal is to invest contributions to provide sufficient funds to finance promised benefits.
- **The supplemental investment fund** is a multi-purpose investment program that offers a range of investment options to state and local employees. It serves a wide range of participants and investment goals, and is, therefore, structured much like a family of mutual funds.
- **The assigned risk plan** is administered by the Department of Commerce to provide workers compensation insurance to companies unable to obtain private insurance. The goal is to match the projected liability stream while also maintaining adequate liquidity.

Internally managed funds: The SBI directly invests about 14% of the assets with which it is entrusted. This includes the assets of the permanent school fund, environmental trust fund, and all money in state cash accounts.

- **The permanent school fund** is created by the Minnesota state constitution and designated as a source of revenue for public schools. The permanent school fund is invested in a balanced portfolio of common stocks and bonds.
- **The environmental trust fund** is created by the Minnesota state constitution and designed as a source of revenue for funding environmental projects. Currently the fund is invested in a portfolio with 70% common stocks and 30% fixed income.
- **The closed landfill investment fund** was created to provide the Pollution Control Agency with funds to pay the long-term costs of maintaining the integrity of landfills in Minnesota once they have been closed. The assets of the fund are unavailable for expenditure until after FY 2020. The closed landfill investment Fund is invested entirely in common stock.
- **State cash accounts** represent the cash balances in more than 400 individual accounts that flow through the Minnesota state treasury. These accounts range in size and are invested by SBI staff through two commingled short-term investment pools. The objectives of these pooled funds are to preserve capital, to provide a high level of current income and to meet the cash needs of state government without the forced sale of securities at a loss.

Budget Trends Section

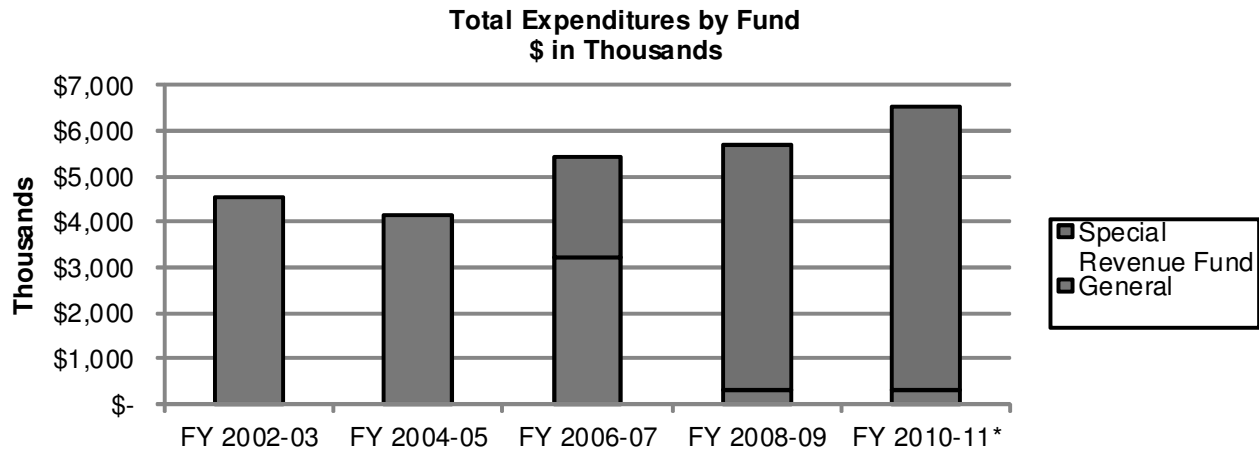
Most of SBI's appropriated budget is funded by fees assessed against the assets of the funds that SBI invests. Approximately five percent of the budget is received as a general fund appropriation associated with the investment of the general fund's portion of invested treasure's cash.

Performance Indicators

Statutes establish investment goals for the combined retirement funds. In addition, the board has set more exacting standards for investment returns. Performance has generally exceeded both statutory requirements and the board's investment performance targets at the total fund level. Returns are presented net of management fees and investment expenses.

Summary of Investment Results

	Period Ending 6/30/10			
	<u>Millions</u>	<u>1 Year</u>	<u>3 Years</u>	<u>Annualized</u>
		(%)	(%)	<u>5 Years</u>
				(%)
Combined Funds:	\$40,466	15.2	-3.8	3.4
Benchmark		13.5	-3.8	3.3
Supplemental Fund:	\$1,027			
Income Share	\$216	13.8	-2.5	2.6
Benchmark		13.1	-3.3	1.8
Growth Share	\$99	15.6	-10.0	-1.2
Benchmark		15.7	-9.5	-0.5
Stock index	\$195	16.2	-9.2	-0.3
Benchmark		15.7	-9.5	-0.5
International	\$104	11.7	-10.3	3.9
Benchmark		10.4	-10.6	3.4
Bond market	\$128	14.5	7.0	5.4
Benchmark		9.5	7.5	5.5
Fixed Interest	\$121	4.4	4.6	4.6
Benchmark		1.9	2.5	3.5
Money Market	\$163	0.2	2.0	3.0
3 month T bills		0.1	1.3	2.6
Volunteer Firefighter	\$1	N/A	N/A	N/A
Benchmark		N/A	N/A	N/A
Assigned Risk Plan	\$306	12.4	2.7	3.8
Benchmark		7.8	3.8	4.3
State Cash Accounts				
Treasurer's Pool	\$5,358	1.2	2.9	3.7
Trust Pool	\$135	0.6	1.8	3.0
90 day T-bill		0.1	1.3	2.6
Permanent School	\$674	12.3	-0.6	3.2
Benchmark		12.1	-1.3	2.5
Closed Landfill	\$1	14.2	-9.7	-0.7
Benchmark		14.4	-9.8	-0.8
Environmental				
Trust Fund	\$461	13.2	-3.9	1.8
Benchmark		13.1	-4.7	1.3



* Expenditures by fund show agency operations only. FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/21/10.

Contact

State Board of Investment
60 Empire Drive
Suite 355
Saint Paul, Minnesota 55103-3555

<http://www.minnsbi.state.mn.us>
Howard Bicker, Executive Director
Phone (651) 296-3328 Fax (651) 296-9572

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	149	146	146	146	292
Recommended	149	146	146	146	292
Change		0	0	0	0
% Biennial Change from 2010-11					-1%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	149	146	146	146	292
Miscellaneous Special Revenue	3,110	3,127	3,127	3,127	6,254
Open Appropriations					
Other Post Employment Benefit	1,656	500	500	500	1,000
Invest Ext Money Managers #2	836	1,000	1,000	1,000	2,000
Total	5,751	4,773	4,773	4,773	9,546
 <u>Expenditures by Category</u>					
Total Compensation	2,895	2,915	2,915	2,915	5,830
Other Operating Expenses	1,200	1,358	1,358	1,358	2,716
Other Financial Transactions	1,656	500	500	500	1,000
Total	5,751	4,773	4,773	4,773	9,546
 <u>Expenditures by Program</u>					
Investment Of Funds	3,259	3,273	3,273	3,273	6,546
Refunds/Retire Funds	2,492	1,500	1,500	1,500	3,000
Total	5,751	4,773	4,773	4,773	9,546
 Full-Time Equivalent (FTE)	 21.9	 21.9	 21.9	 21.9	

INVESTMENT BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
Invest Ext Money Managers #2	834	1,000	1,000	1,000	2,000
Total Non-Dedicated Receipts	834	1,000	1,000	1,000	2,000
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Special Revenue	3,110	3,127	3,127	3,127	6,254
Other Post Employment Benefit	1,656	500	500	500	1,000
Total Dedicated Receipts	4,766	3,627	3,627	3,627	7,254
Agency Total Revenue	5,600	4,627	4,627	4,627	9,254

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Programs	
Administrative Services	7
Program Summary	8
Human Resources & Sr	9
Program Summary	10
Legal Services	11
Program Summary	12
Marketing & Communications	13
Program Summary	14
Facilities	15
Program Summary	17
Community Development	18
Program Summary	19
Business Development	20
Program Summary	21
Programs	22
Program Summary	23
Projects	24
Program Summary	25
Pass-Through Funding	26
Program Summary	27
Agency Roll Over	28
Program Summary	29
Agency Revenue Summary Fiscal Page	30

Agency Purpose

The mission of Iron Range Resources is to advance regional growth by stabilizing and enhancing the economy of northeastern Minnesota's Taconite Assistance Area (TAA).

Iron Range Resources is a state economic development agency that was created by the governor and the legislature in 1941 to diversify the economy of the iron mining areas of northeastern Minnesota. Specifically, the agency serves the interests of the TAA, a geographical region encompassing approximately 13,000 square miles that stretches from Crosby, Minnesota, across the state's Cuyuna, Mesabi and Vermilion iron ranges to the North Shore of Lake Superior. As part of its core mission of economic development, Iron Range Resources owns and operates the Giants Ridge Golf & Ski Resort.

At a Glance

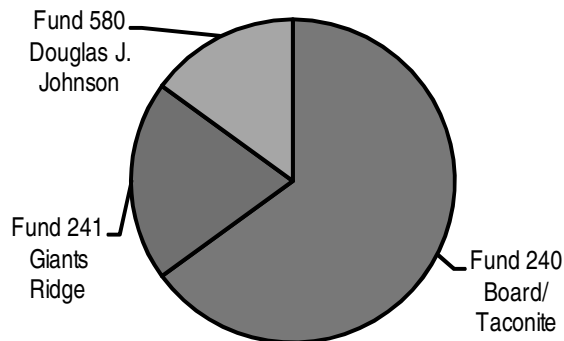
Business Development

- \$5.4 million in business loans made in FY2010
- \$11.4 million in loan leverage in FY2010
- 4,258 jobs created or retained since FY2004
- \$68.1 million in loans since FY2004
- Loan leverage of 4.4 to one since FY2004

Community Development

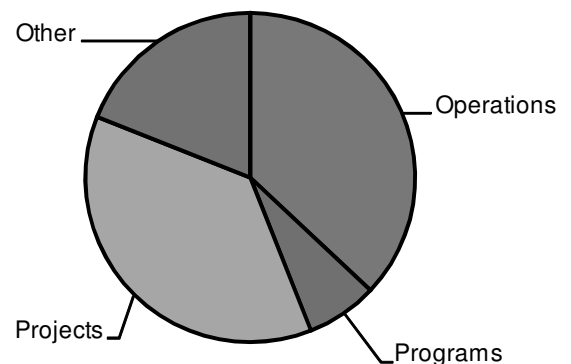
- \$7.3 million dollars in Community Development grants made in FY2010
- Between FY2008 and FY2010 a total of 69 blighted commercial structures were removed in the TAA
- \$4.88 million provided in renewable energy grants between FY2006-FY2010
- Community and business development grants leveraged at 10.6 to one during FY2006-FY2010
- \$55 million in private investment at Giants Ridge since FY2000

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.

Est. FY 2010-11 Expenditures by Program



Source: MAPS as of 08/24/10.

Strategies

Iron Range Resources focuses its economic development efforts on the following strategies:

- Investing in businesses that relocate or expand in the TAA by providing financial assistance through Business Development grants and loans.

- Preparing TAA communities for change and growth through public/private partnerships and grant making that funds public infrastructure, property redevelopment, tourism and recreation.
- Maximizing existing resources through investments in natural resource-based industries and the regional workforce.

Besides encouraging growth in the region's primary industries of timber, taconite and tourism, the agency focuses its economic development efforts on the following types of businesses:

- Businesses which attract expenditures from outside the TAA
- Manufacturing/Assembly
- Technologically innovative projects

Operations

Day-to-day operation of the agency is managed by a full-time commissioner appointed by the governor who serves as a member of the governor's cabinet. The agency's annual budget and most economic development proposals are subject to review and approval by a 13-person Iron Range Resources Board.

Operations is organized into seven divisions that support the agency's administrative and business activities:

- **Administrative Services** provides finance, information systems and maintenance and shop services.
- **Human Resources and Strategic Results** activities include human resource management and agency-wide strategic planning.
- **Legal Services** for the agency and the IRR board are provided by the Attorney General's Office.
- **Marketing and Communications** provides business focused marketing and communications services for the agency and its stakeholders.
- **Facilities** owned by Iron Range Resources are **Giants Ridge Golf & Ski Resort and Minnesota Discovery Center**.
- **Community Development** activities include grant-making and providing technical assistance for projects.
- **Business Development** promotes the TAA to prospective businesses from inside and outside the region in order to attract new jobs to northeastern Minnesota.

Programs directly serve units of government, nonprofits and higher education in the agency's service area. This activity demonstrates the agency's on-going commitment to grant making as a tool to foster community growth and stimulate economic and cultural activity.

Projects support the agency's business related economic development efforts. This activity promotes the agency's most successful strategies: cultivating business development projects; supporting community development; and collaborating with the private sector to encourage investment in the region. Financial assistance is provided through bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants and equity investments.

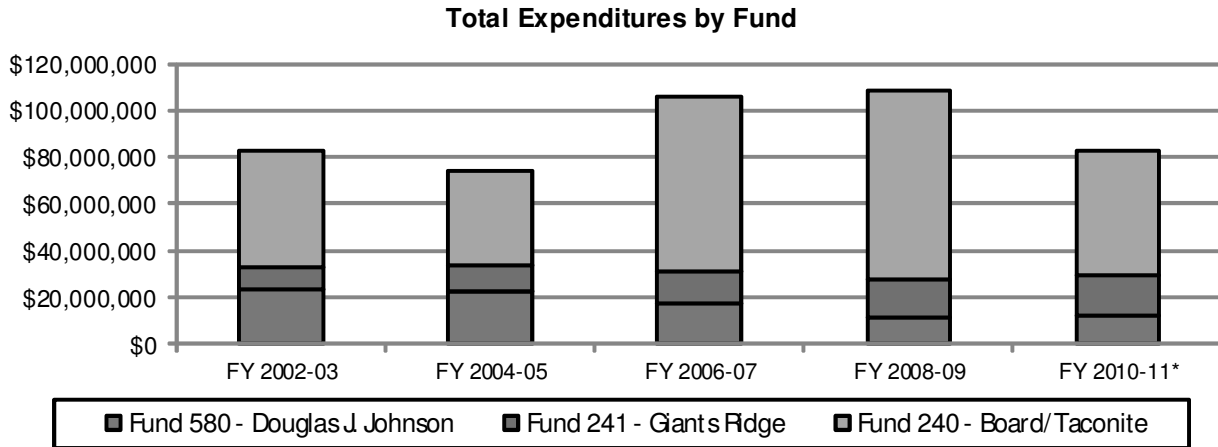
Pass-Through Funding is legislative funding for projects that serve immediate needs in the TAA. The activities funded are diverse as they respond to the unique needs of the region.

Agency Roll-Over consists of all budget activity that has been certified and re-set into FY 2011.

Key Activity Goals & Measures

- Financial assistance is provided to promote the long-term economic viability of the region.
- Program funding is leveraged to maximize investment and participation.
- Business opportunities are supported that create and retain jobs while diversifying the region's economy.
- Loan risk ratings and delinquency ratios are managed to protect the agency's invested resources.
- Satisfaction and timeliness are monitored to ensure positive customer relationships and ongoing partnerships.

Budget Trends Section



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/24/10.

External Factors

External factors impacting Iron Range Resources operations include taconite production levels, demographics, aging regional infrastructure, dependence on natural resource-based industries and geographic distance to markets.

Iron Range Resources revenues are derived from the region's primary industry of mining. The agency is challenged by the fact that revenues are dependent on cyclical taconite production levels.

Demographics in the seven county region of the agency's service area show trends that are below state averages. The mean average of persons age 65 or older in those counties is 20%, a figure consistently higher in each county than the state's 12.7%. Additionally, population growth from 2000 to 2009 has a mean average of 1.4% compared to the state average of 7%. Two counties, St. Louis and Lake show population losses of -1.4% and -4.1% respectively during that period.¹

Aging infrastructure in local cities and municipalities also poses a challenge for the region's economic development efforts. Addressing those issues through public works and community development grants has been an agency priority over the last four years.

The region is dependent on natural resource-based industries but continues to make inroads on diversification efforts by supporting technological innovations and manufacturing and assembly businesses. Supporting the agency's current level of economic development funding is key to long-term stability and growth in the region.

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

For additional historical information and performance trends visit:
<http://www.accountability.state.mn.us/Departments/IronRangeResources/index.htm>

¹ Data source at <http://quickfacts.census.gov/qfd/index.html>

IRON RANGE RESOURCES & REHAB

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	26,773	28,615	27,385	24,885	52,270
Giants Ridge Golf & Ski Resort	8,157	8,554	6,984	6,984	13,968
Ne Mn Economic Protection	8,658	8,605	3,223	3,223	6,446
Miscellaneous Agency	218	0	0	0	0
Total	43,806	45,774	37,592	35,092	72,684
<u>Expenditures by Category</u>					
Total Compensation	4,924	7,352	5,246	5,246	10,492
Other Operating Expenses	7,153	7,676	7,615	7,615	15,230
Capital Outlay & Real Property	605	175	175	175	350
Local Assistance	20,558	15,196	19,148	19,148	38,296
Other Financial Transactions	10,566	15,375	5,408	2,908	8,316
Total	43,806	45,774	37,592	35,092	72,684
<u>Expenditures by Program</u>					
Administrative Services	1,664	2,084	2,084	2,084	4,168
Human Resources & Sr	553	676	676	676	1,352
Legal Services	354	371	371	371	742
Marketing & Communications	867	944	944	944	1,888
Facilities	9,757	9,886	8,316	8,316	16,632
Community Development	359	511	989	989	1,978
Business Development	1,368	1,509	885	885	1,770
Programs	3,048	2,568	2,746	2,746	5,492
Projects	15,261	15,000	8,373	5,873	14,246
Pass-Through Funding	9,770	8,615	12,208	12,208	24,416
Agency Roll Over	805	3,610	0	0	0
Total	43,806	45,774	37,592	35,092	72,684
Full-Time Equivalents (FTE)	71.4	71.6	71.6	71.6	

Program at a Glance

- Agency budgeting, accounting and financial reporting services
- Purchasing and contracting
- Information systems
- Maintenance and shop services

Program Description

Administrative Services provides support services and resources to other agency programs and facilities. The division is comprised of: finance, information systems, and maintenance and shop. The budget of this division also includes the Office of the Commissioner.

Finance provides numerous services including all aspects of budgeting, accounting, internal auditing, financial

reporting, purchasing and contracting.

Information Systems supports and maintains the computer hardware, data and telecommunication infrastructure for the agency. Technical support, information access, project management, internet and phone connections are a few of the services provided to agency personnel.

Maintenance & Shop assists the agency's programs and facilities through equipment maintenance and fleet management. The program also provides building and grounds maintenance support of the Eveleth headquarters complex.

Population Served

Iron Range Resources programs and facilities.

Services Provided

- Budgeting, accounting, internal auditing, financial reporting and analysis.
- Purchasing and contracting for goods and services.
- Information technology services.
- Equipment maintenance and fleet management.
- Operating and maintaining the Eveleth headquarters.

Key Program Goals & Measures

- Budget and accounts are aligned to support operational targets.
- Financial reporting is timely and accurate.
- Accounting, purchasing and contracting services are timely.
- Computer hardware, data and telecommunication infrastructure for the agency are supported and maintained.
- "Green" initiatives in recycling, power management and energy conservation are implemented.
- The Eveleth facility is safely operated and maintained.

Program Funding

Approximately \$2.1 million (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB
 Program: ADMINISTRATIVE SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	1,528	2,084	2,084	2,084	4,168
Ne Mn Economic Protection	136	0	0	0	0
Total	1,664	2,084	2,084	2,084	4,168
<u>Expenditures by Category</u>					
Total Compensation	1,179	1,222	1,222	1,222	2,444
Other Operating Expenses	477	862	862	862	1,724
Capital Outlay & Real Property	8	0	0	0	0
Total	1,664	2,084	2,084	2,084	4,168
<u>Expenditures by Activity</u>					
Administrative Services	1,664	2,084	2,084	2,084	4,168
Total	1,664	2,084	2,084	2,084	4,168
Full-Time Equivalent (FTE)	15.0	15.0	15.0	15.0	

Program at a Glance

- HR management and employee development
- Strategic planning and performance management and reporting

Program Description

Human Resources and Strategic Results (HRSR) guides and manages all human resources services, policies and programs for the agency. Additionally, the division coordinates HR efforts with organizational development goals by managing the agency's strategic planning and performance improvement plans.

Human Resources directs recruiting and staffing, compliance with regulations and policies, employee orientation, development and training, policy development and documentation, employee relations, compensation and benefits administration, employee services and labor relations.

Strategic Results oversees performance management and improvement, organizational development, strategic planning and balanced scorecard performance.

Population Served

Iron Range Resources employees and the general public.

Services Provided

- Coordinate agency employment needs through recruitment and selection processes.
- Provide consultation and resources in job analysis, performance, development and workforce planning.
- Ensure compliance with Affirmative Action, ADA and Equal Employment.
- Coordinate agency safety programs and labor relations.
- Administer insurance services, employee compensation and benefits.
- Lead strategic planning, goal setting and the development of performance objectives.
- Implement a balanced scorecard and report on organizational results.

Key Program Goals & Measures

- HR services and programs promote best practices.
- Services and communications are timely.
- Employee development is supported and funded.
- Lost time and workers compensation costs are reduced.
- Control Environment standards are met.
- Performance measures and results data are created and maintained.
- Performance achievement levels are reported quarterly.
- Performance results are reviewed and discussed quarterly.
- Internal and external reporting is timely.

Program Funding

Approximately \$676,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB
 Program: HUMAN RESOURCES & SR

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	553	676	676	676	1,352
Total	553	676	676	676	1,352
<u>Expenditures by Category</u>					
Total Compensation	537	646	646	646	1,292
Other Operating Expenses	16	30	30	30	60
Total	553	676	676	676	1,352
<u>Expenditures by Activity</u>					
Human Resources & Sr	553	676	676	676	1,352
Total	553	676	676	676	1,352
Full-Time Equivalent (FTE)	4.0	4.0	4.0	4.0	

Program at a Glance

- Agency legal counsel

Program Description

The Attorney General's Office provides legal services to the agency and the Iron Range Resources Board (Board) in support of all agency activities.

Two assistant attorneys general and one legal assistant provide the Commissioner, agency staff and the Board with counsel on legal matters, including statutory interpretation, drafting or interpretation of legal documents, drafting of legislative language and defense of the agency or Board in litigation.

Population Served

Iron Range Resources programs, facilities, business clients and board.

Services Provided

- Provide legal advice to the agency and the Board.
- Advise and counsel the Commissioner, agency staff and the Board.
- Draft contracts, loans and other agreements for the agency.
- Represent the agency and the Board in litigation.

Program Funding

Approximately \$371,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: LEGAL SERVICES

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	240	237	237	237	474
Ne Mn Economic Protection	114	134	134	134	268
Total	354	371	371	371	742
<u>Expenditures by Category</u>					
Total Compensation	40	35	35	35	70
Other Operating Expenses	314	336	336	336	672
Total	354	371	371	371	742
<u>Expenditures by Activity</u>					
Legal Services	354	371	371	371	742
Total	354	371	371	371	742
Full-Time Equivalents (FTE)	0.8	0.8	0.8	0.8	

Program at a Glance

- Agency marketing
- Business/community development marketing
- Multi-media communication services
- Special project services

Program Description

Marketing & Communications develops and coordinates marketing, promotional and communication activities on behalf of Iron Range Resources and its stakeholders.

Marketing is responsible for directing the development and implementation of all marketing-related communications strategies, messages and materials generated by and for

the agency, its partners and its facilities.

Communications establishes and delivers key messages for the agency, using a fully integrated multi-media approach. Staff members create and distribute internal and external agency communications, manage the agency website, provide writing and graphic design services and provide staff support for special events and strategic initiatives.

Population Served

Iron Range Resources programs, facilities, business clients, service area and the general population of Minnesota.

Services Provided

- Marketing-related communications and materials.
- Internal and external agency communications.
- Staff support for special events and strategic initiatives.

Key Program Goals & Measures

- Agency marketing and communication initiatives are maintained and enhanced.
- Media and information inquiries are responded to in a timely fashion.
- Programs about agency projects and activities are recorded and broadcast.
- Informative materials are developed and distributed to targeted regional, statewide and national audiences.
- Business recruitment strategies and media opportunities are identified to market and promote the region.
- Partnership opportunities are forged that enhance the region and the agency's image.
- Web communications and e-business tools are current and available 24/7.

Program Funding

Approximately \$944,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: MARKETING & COMMUNICATIONS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	867	944	944	944	1,888
Total	867	944	944	944	1,888
<u>Expenditures by Category</u>					
Total Compensation	494	510	510	510	1,020
Other Operating Expenses	373	434	434	434	868
Total	867	944	944	944	1,888
<u>Expenditures by Activity</u>					
Marketing & Communications	867	944	944	944	1,888
Total	867	944	944	944	1,888
Full-Time Equivalents (FTE)	7.0	7.0	7.0	7.0	

Program at a Glance

Giants Ridge Golf and Ski Resort:

- 36 holes of the Midwest's best golf
- 35 challenging downhill ski runs
- 60 kilometers of cross country ski trails
- Access to lakes, bike and snowmobile trails
- Dining, shopping and banquet/conference facilities
- Accommodations - The Lodge, The Villas or the Giants Ridge Sports Dorm
- Rental equipment - from snowboards and skis to canoes and kayaks

Program Description

The activities of the agency's facilities - Giants Ridge Golf & Ski Resort in the city of Biwabik, and Minnesota Discovery Center located in Chisholm - are directed toward the development and promotion of tourism and recreation opportunities that will enhance the economic diversification of the TAA.

Giants Ridge Golf & Ski Resort operates a quality recreational golf and ski facility and offers private-sector opportunities for property and real estate development. Giants Ridge operates 36 holes of championship golf and a winter sports area that attracts over 130,000 guests annually. In addition, the Giants Ridge Recreation Area is comprised of 10,000 acres of land of which Iron Range

Resources owns 1,850 acres. A Master Plan for the Giants Ridge area was built on the premise that the agency will focus on oversight and land sales to private parties who will drive future development. The plan serves as the blueprint for the following residential and commercial growth:

- **Tubing Park.** A snow tubing park will be constructed and available to guests beginning December 2010.
- **Central Reservations.** In 2010, Giants Ridge is moving to create a central reservation service that includes all area lodging properties.
- **Ski Chalet/Event Center.** Design and engineering work continues on a proposed ski chalet and event center. The proposed new facility will centralize all skier services and serve as a conference/banquet/wedding venue year round.
- **Land Development.** Land development at Giants Ridge is advancing with construction underway on The Residence Club, a 27-unit fractional-ownership home development near Sabin Lake and The Legend golf course.

Minnesota Discovery Center (formerly Ironworld Discovery Center) is under the management of a nonprofit, Ironworld Development Corporation (IDC). IDC assumed responsibility for the operations in January 2007 through a Sublease/Management Agreement with Iron Range Resources. IDC is doing business as Minnesota Discovery Center, whose mission is to advance the understanding and exploration of Minnesota culture and history with a focus on northeastern Minnesota and the Iron Range. Through FY 2016 the Sublease/Management Agreement provides an annual \$1 million dollar subsidy, the interest on an endowment fund and a \$250,000 challenge grant for fund raising. In addition to these financial terms, the agency budgets for building insurance and capital repairs.

Population Served

Minnesota residents, national and international tourists.

Services Provided

The agency conducts a wide range of activities specially designed to promote tourism and recreation in the TAA.

Key Program Goals & Measures

- Giants Ridge golf and ski revenues are maximized with competitive pricing and packaging.
- Golf and ski operations enhance the economic impacts of tourism and recreation on the Iron Range.
- Giants Ridge facilities are safely operated and maintained.
- Ironworld Development Corporation will comply with the financial and operational terms of its management agreement.

Program Funding

Giants Ridge Golf & Ski Resort: Approximately \$7 million (per year)

Minnesota Discovery Center: Approximately \$1.3 million (FY 2011) & \$1.35 million (FY 2012)

Contacts

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or Giants Ridge by phone at (218) 865-3000 or (800) 688-7669, or online at <http://www.ironrangeresources.org> or <http://www.giantsridge.com>.

IRON RANGE RESOURCES & REHAB

Program: FACILITIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	1,382	1,332	1,332	1,332	2,664
Giants Ridge Golf & Ski Resort	8,157	8,554	6,984	6,984	13,968
Miscellaneous Agency	218	0	0	0	0
Total	9,757	9,886	8,316	8,316	16,632
<u>Expenditures by Category</u>					
Total Compensation	1,426	1,442	1,442	1,442	2,884
Other Operating Expenses	5,414	5,446	5,444	5,444	10,888
Capital Outlay & Real Property	112	175	175	175	350
Local Assistance	1,233	1,255	1,255	1,255	2,510
Other Financial Transactions	1,572	1,568	0	0	0
Total	9,757	9,886	8,316	8,316	16,632
<u>Expenditures by Activity</u>					
Facilities	9,757	9,886	8,316	8,316	16,632
Total	9,757	9,886	8,316	8,316	16,632
Full-Time Equivalents (FTE)	26.4	26.4	27.5	27.5	

Program at a Glance

- Grant making to foster community revitalization and redevelopment of underutilized sites.
- In 2010, the Residential Community Redevelopment Program removed 63 blighted structures across the TAA.

Program Description

Community Development invests in communities through grant-making and provides technical assistance for renewable energy, commercial and residential property redevelopment and development projects such as Giants Ridge, Laurentian Vision partnership and Community Readiness. Beginning in FY12, this division will also include the Mining and Mineland Reclamation program.

Community Development assists communities by

providing infrastructure financing for business and housing development and funding for property redevelopment. Grant programs are offered to stimulate community development through tourism, innovation and removal of barriers to growth. Special projects and initiatives are tied to development at Giants Ridge, sustainable mining practices for future land use and renewable energy.

Mining and Mineland Reclamation works to insure the long-term utilization of Minnesota's mineral resources and undertakes reclamation planning efforts. Statutory authority comes from M.S. Chapter 298.223. Other activities include assisting cities and townships with the demolition and removal of residential structures that remove blight and make way for new development.

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

- Prepare communities for economic growth, new housing and businesses.
- Promote community assets and advantages.
- Provide funding for community revitalization.

Key Program Goals & Measures

- "Green" business initiatives are supported by Community Development funding.
- Community sustainability is promoted.
- Renewable energy opportunities are identified.
- Grant programs and services are aligned with community development needs.
- Agency funds are leveraged for community development.
- Mining processes are influenced to create enhanced post mining landscapes.
- Blight in communities is removed to make way for new development.

Program Funding

Approximately \$989,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: COMMUNITY DEVELOPMENT

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	359	511	989	989	1,978
Total	359	511	989	989	1,978
<u>Expenditures by Category</u>					
Total Compensation	249	391	686	686	1,372
Other Operating Expenses	108	117	300	300	600
Local Assistance	2	3	3	3	6
Total	359	511	989	989	1,978
<u>Expenditures by Activity</u>					
Community Development	359	511	989	989	1,978
Total	359	511	989	989	1,978
Full-Time Equivalent (FTE)	5.0	5.0	9.7	9.7	

Program at a Glance

Business Development staff

- provided over \$5.4 million in new loans for area economic development projects, and
- assisted in the creation and retention of 234 jobs in FY 2010.

Program Description

Business Development manages agency deal flow and promotes the TAA to prospective businesses from inside and outside the region in order to attract new jobs to northeastern Minnesota. The division consists of Business Development and Recruitment.

Business Development and Recruitment works to generate business leads and provide financial support to

new and existing businesses, as well as assistance to communities. The program uses a variety of tools including bank participation loans, direct loans, employment incentive grants, infrastructure improvement grants, training grants, equity investments and the Job Opportunity Building Zones (JOBZ) program. Special projects and initiatives tied to energy and workforce also are undertaken.

Population Served

Communities located within the TAA and eligible businesses currently located within or locating to the TAA.

Services Provided

- Promote northeastern Minnesota's business assets and advantages.
- Assist businesses with expanding or relocating to the region.
- Provide financial assistance to businesses.

Key Program Goals & Measures

- Business opportunities are identified.
- Business opportunities create and retain jobs.
- Business opportunities leverage investment.
- A targeted business recruitment plan is developed and implemented.
- The potential of the available workforce is realized through partnerships and education planning.
- Existing businesses are assisted by financial incentives.

Program Funding

Approximately \$885,000 (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: BUSINESS DEVELOPMENT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	547	624	0	0	0
Ne Mn Economic Protection	821	885	885	885	1,770
Total	1,368	1,509	885	885	1,770
<u>Expenditures by Category</u>					
Total Compensation	997	1,106	705	705	1,410
Other Operating Expenses	371	403	180	180	360
Total	1,368	1,509	885	885	1,770
<u>Expenditures by Activity</u>					
Business Development	1,368	1,509	885	885	1,770
Total	1,368	1,509	885	885	1,770
Full-Time Equivalents (FTE)	13.2	13.4	7.6	7.6	

Program at a Glance

In FY 2010, the agency

- awarded \$1 million in Community Redevelopment grants for the demolition of commercial or publicly-owned structures and the cleanup of Brownfield sites to make way for potential new development. The potential for new development at these sites is \$6.3 million;
- provided \$150,000 in grants for a recruitment program that attracted three new dentists to the TAA;
- invested \$150,000 in a Wind Energy Technology Specialist Program at Mesabi Range Community & Technical College, which currently enrolls 28; and
- provided \$100,000 in Culture & Tourism grants to fourteen organizations and communities in the TAA, leveraging approximately \$483,000 in total project investment.

Program Description

IRR administers the following grant programs for communities and businesses:

- **Community Readiness** priorities are in the areas of Community Redevelopment and Workforce Development. Community Redevelopment provides funding for the demolition and removal of commercial structures that remove blight and make way for new development. Workforce Development funds programs for industry, industry clusters, schools or collaborative partners that build capacity, responsiveness or innovation to address workforce needs.
- **Mining and Mineland Reclamation** funds the restoration of eligible areas affected by past mining, addresses emergency safety projects, promotes mining exploration and supports mining company collaborations for development planning around post-mining landscapes.
- **Commissioner Program** funds are utilized for emergency situation or to support development opportunities that do not meet other program requirements.
- **Culture and Tourism** funds activities that utilize cultural

resources to stimulate tourism and enrich communities.

- **Application Fund** reimburses expenses associated with the development of grant applications for financial support from state, federal or private grant programs.
- **Region III Projects**, M.S. Chapter 298.17 authorizes grants from occupation taxes for economic and environmental development projects in Koochiching and Carlton counties (Region III).

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

- Grant making to units of government, nonprofits, higher education and businesses.
- Leadership and collaboration in developing regional strategies for regional growth.
- Financial incentives for community development projects.

Key Program Goals & Measures

- Community sustainability is promoted.
- Grant programs and services are aligned with community development needs.
- Agency funds are leveraged for community development.
- Mining processes are influenced to create enhanced post mining landscapes.
- Blight in communities is removed to make way for new development.

Program Funding

Approximately \$2.7 million (per year)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	3,048	2,568	2,746	2,746	5,492
Total	3,048	2,568	2,746	2,746	5,492
<u>Expenditures by Category</u>					
Other Operating Expenses	74	29	29	29	58
Local Assistance	2,834	2,539	2,717	2,717	5,434
Other Financial Transactions	140	0	0	0	0
Total	3,048	2,568	2,746	2,746	5,492
<u>Expenditures by Activity</u>					
Programs	3,048	2,568	2,746	2,746	5,492
Total	3,048	2,568	2,746	2,746	5,492

Program at a Glance

- Between FY 2004 and FY 2010, the agency has approved \$68.1 million in loans to new and existing businesses. These projects were leveraged 4.4 times, creating a total business investment impact of \$301.1 million and creating and retaining 4,258 jobs.
- In FY 2010, the agency's loan portfolio consisted of 88 loans totaling more than \$62.5 million.
- In FY 2010, the agency invested \$4.1 million in public works infrastructure and medical facility renovation development, creating 228 new jobs and retaining 85 to 95 jobs.
- A \$1.5 million Iron Range Resources Wage Subsidy Program created 247 new jobs (August 17, 2010) at 95 businesses within the agency's service area.

subsidies of up to \$5 per hour for up to 52 weeks or other activities that will create additional jobs in the taconite assistance area (TAA).

Program Description

Iron Range Resources provides funding for the following community and economic development projects:

- **Business Development** funds are utilized for economic development projects to promote business development opportunities and attract new investments to the region. Financing activities focus on creating high-quality jobs, leveraging private investment and strengthening northeastern Minnesota's economic base.
- **Public Works** grants fund the infrastructure needs of local units of government in order to support community and economic development.
- **Wage Subsidy Program** under M.S. Chapter 298.294, subd. b, designates \$1.5 million of agency funds in fiscal years 2010 and 2011 for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage

Population Served

Communities located within the TAA and eligible businesses currently located within or expanding to the TAA.

Services Provided

- Economic development packages and financial incentives for community and business development projects.
- Leadership and collaboration in developing regional strategies for regional growth.
- Grant making to units of government, nonprofits and businesses.

Key Program Goals & Measures

- Projects are aligned with community and economic development needs.
- Business opportunities are identified.
- Business opportunities create and retain jobs while leveraging additional investment.
- Loan portfolio risk ratings and delinquency ratios are managed.

Program Funding

Approximately \$15 million in fiscal year 2011 and \$8.3 million in fiscal year 2012.

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: PROJECTS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	8,750	12,000	6,873	4,373	11,246
Ne Mn Economic Protection	6,511	3,000	1,500	1,500	3,000
Total	15,261	15,000	8,373	5,873	14,246
<u>Expenditures by Category</u>					
Local Assistance	7,941	5,500	4,373	4,373	8,746
Other Financial Transactions	7,320	9,500	4,000	1,500	5,500
Total	15,261	15,000	8,373	5,873	14,246
<u>Expenditures by Activity</u>					
Projects	15,261	15,000	8,373	5,873	14,246
Total	15,261	15,000	8,373	5,873	14,246

Program at a Glance

- Legislative distributions and accounts

Program Description

Iron Range Resources credits the pass-through funding to special legislative accounts, including:

- **Educational Facilities Revenue Bonds**, M.S. Chapter 298.211, debt service for bonds issued in 2006 for health, safety and maintenance improvements to regional school districts.
- **Iron Range Higher Education Account**, M.S. Chapter 298.28, subdivision 9d, funds for higher education programs in the agency's service area.
- **Taconite Economic Development Fund**, M.S. Chapter 298.227, a rebate of taconite production taxes to mining companies for workforce development and capital improvement projects.
- **Value-Added Wood Project**, M.S. Chapter 298.227, subparagraph b, takes 10 cents per ton (approximately \$3.882 million) that otherwise would have been allocated to the Taconite Economic Development Fund and makes it available for loans or grants for value-added wood products facilities located within St. Louis County.
- **Highway 1 Corridor Account**, M.S. Chapter 298.2961, subdivision 5(19), funds for economic development projects to any of the cities of Babbitt, Cook, Ely or Tower.
- **Minnesota Minerals 21st Century Fund**, Laws 2009, Chapter 78, article 1, section 3, subdivision 2(k), as amended by Laws 2010 Chapter 215, article 7, section 18(k), funds for grants or forgivable loans to manufacturers of windmill blades, other renewable energy manufacturing, or biomass products at facilities to be located within the taconite tax relief area.

Population Served

Minnesota communities and businesses located within the TAA.

Services Provided

The agency conducts a wide range of activities specially designed to assist the pass-through programs.

Program Funding

- Educational Facilities Revenue Bonds: Approximately \$1.4 million (per year)
- Iron Range Higher Education Account: Approximately \$1.5 million (per year)
- Taconite Economic Development Fund: Approximately \$10 million (per year)
- Value-Added Wood Products Facility Project: Approximately \$3.8 million (one-time distribution)
- Highway 1 Corridor Account: Approximately \$4.2 million (one-time distribution)
- Minnesota Minerals 21st Century Fund: \$1.5 million (FY11 distribution)

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB
 Program: PASS-THROUGH FUNDING

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	8,694	4,029	11,504	11,504	23,008
Ne Mn Economic Protection	1,076	4,586	704	704	1,408
Total	9,770	8,615	12,208	12,208	24,416
<u>Expenditures by Category</u>					
Total Compensation	2	0	0	0	0
Other Operating Expenses	1	0	0	0	0
Local Assistance	8,373	5,707	10,800	10,800	21,600
Other Financial Transactions	1,394	2,908	1,408	1,408	2,816
Total	9,770	8,615	12,208	12,208	24,416
<u>Expenditures by Activity</u>					
Pass-Through Funding	9,770	8,615	12,208	12,208	24,416
Total	9,770	8,615	12,208	12,208	24,416

Program at a Glance

- Agency projects and legislative accounts

Program Description

The agency's rollover consists of all budget activity that has been certified and reset into FY 2011. This program includes the following activities:

- **Canisteo Mine Pit Flood Control Project.** Canisteo Pit is an abandoned iron ore mine pit in Itasca County. Upon cessation of mining in 1985, Canisteo Pit began filling with water. The continuing rise of water is a concern because overflow of the pit could cause substantial flood damage to the towns of Bovey and Coleraine. For years, there has been planning and discussions about solving the problem. In 2005, the Minnesota Department of Natural Resources allocated \$450,000 to plan and design an outlet. The 2008 Minnesota Bonding Bill included \$3.5 million for final design and construction of an outlet. The agency has \$192,095 available for the project.
- **Renewable Energy.** 2009 legislation added a new subdivision 6 (renewable energy) to M.S. Chapter 298.2961 that allocated, for distributions in 2009 only, a 15.5 cents per ton (\$5,998,597) of Property Tax Relief funds into a special Taconite Environmental Protection Fund account to fund cooperative renewable energy projects. \$1,398,597 FY10 project dollars remain available in this account. These funds will be spent for renewable energy initiatives in FY11.
- **Early Separation Incentive Program.** 2010 Legislation amended M.S. Chapter 298.217, subd. 2 to confer authority upon the Commissioner to offer an early separation incentive program, and extends the program sunset date to December 31, 2012. In FY10, \$2,000,000 was approved as part of the budget to enable the agency to implement the early separation incentive program. These funds will be reserved and set aside for the program in FY11.

Population Served

Minnesota communities and businesses located within the TAA, and Iron Range Resources' operations.

Program Funding

FY 2011 Agency Rollover: Approximately \$3.6 million

Contact

For more information, contact Iron Range Resources by phone at (218) 735-3000 or (800) 765-5043, or online at <http://www.ironrangeresources.org>.

IRON RANGE RESOURCES & REHAB

Program: AGENCY ROLL OVER

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Iron Range Resources & Rehab	805	3,610	0	0	0
Total	805	3,610	0	0	0
<u>Expenditures by Category</u>					
Total Compensation	0	2,000	0	0	0
Other Operating Expenses	5	19	0	0	0
Capital Outlay & Real Property	485	0	0	0	0
Local Assistance	175	192	0	0	0
Other Financial Transactions	140	1,399	0	0	0
Total	805	3,610	0	0	0
<u>Expenditures by Activity</u>					
Agency Roll Over	805	3,610	0	0	0
Total	805	3,610	0	0	0

IRON RANGE RESOURCES & REHAB

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Taxes:					
General	235	0	0	0	0
Total Non-Dedicated Receipts	235	0	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Iron Range Resources & Rehab	5	50	50	50	100
Giants Ridge Golf & Ski Resort	3,942	4,419	4,419	4,419	8,838
Ne Mn Economic Protection	140	140	140	140	280
Other Revenues:					
Iron Range Resources & Rehab	684	400	400	400	800
Giants Ridge Golf & Ski Resort	115	65	65	65	130
Ne Mn Economic Protection	1,195	899	899	899	1,798
Other Sources:					
Iron Range Resources & Rehab	174	209	209	209	418
Ne Mn Economic Protection	1,640	1,739	1,739	1,739	3,478
Miscellaneous Agency	218	0	0	0	0
Taxes:					
Iron Range Resources & Rehab	22,632	22,695	21,404	21,404	42,808
Ne Mn Economic Protection	2,109	2,156	1,315	1,315	2,630
Total Dedicated Receipts	32,854	32,772	30,640	30,640	61,280
Agency Total Revenue	33,089	32,772	30,640	30,640	61,280

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Deficiency Request For Fy 2011	7
⇒ Investigative And Hearings Expenditures	9
⇒ Designates that this item is a change item	

Agency Purpose

Pursuant to M.S. 490A.01 & 490A.02, the purpose of the Board on Judicial Standards is:

- to ensure appropriate judicial conduct, and increase public confidence in the integrity and impartiality of the Minnesota judiciary;
- to ensure that all judicial officers employed by the judicial branch adhere to established standards of ethical conduct; and
- to provide a procedure to review and investigate allegations of judicial disability or misconduct, and to provide a forum to discuss questions concerning appropriate judicial behavior.

At a Glance

Jurisdiction: 542

Judges and Referees

Retired Judges

Child Support Magistrates

Discipline issued:

1 Public Reprimand

5 Admonitions

6 Warnings

16 Imposed Conditions and Adjustments

Calendar Year 2009

1,534 Total Agency Contacts

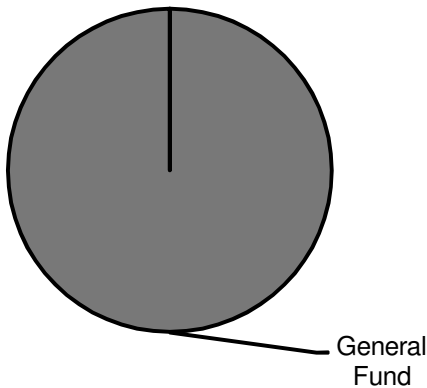
123 Full Board Determinations

306 Responses to Judge Inquiries

1,228 Responses to Public Inquiries

19,372 Visits to Agency's Website

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Strategies

The board has two basic responsibilities: 1) to educate and advise the public and judicial officers as to appropriate judicial conduct; and 2) to review and investigate the complaints received on judicial disability or alleged misconduct including behavior that interferes with the performance of judicial duties or conduct prejudicial to the administration of justice. In support of these functions, the board engages in the following activities:

- receives, reviews, and investigates complaints filed against judges and judicial officers for violations of the Code of Judicial Conduct and statutes;
- issues discipline to judges and judicial officers when appropriate, including private warnings and public reprimands;
- initiates, when necessary, public proceedings against judges and judicial officers and recommends a disciplinary disposition to the

Minnesota Supreme Court, including retirement, censure, or removal from office;

- reviews judges' compliance with M.S. 546.27 and takes appropriate disciplinary action, if necessary;
- responds to all inquiries concerning judicial ethics from the public, judges, attorneys, legislature, and board members; and
- educates the public, judges, and judicial officers on judicial ethics.

Operations

The agency serves a large public statewide customer base. In the last ten calendar years, agency contacts have steadily increased. The board's primary activity is to serve the interests of the general public by determining and/or answering questions of proper judicial ethical behavior. Any person or entity may file a complaint against a judge or judicial officer.

Additionally, the staff educates and assists judges and judicial officers with questions concerning appropriate judicial conduct. The staff frequently conducts or otherwise participates in a variety of public and judicial seminars and workshops. Newly appointed judges and judicial candidates are provided information about the standards of appropriate judicial behavior.

Key Activity Goals & Measures

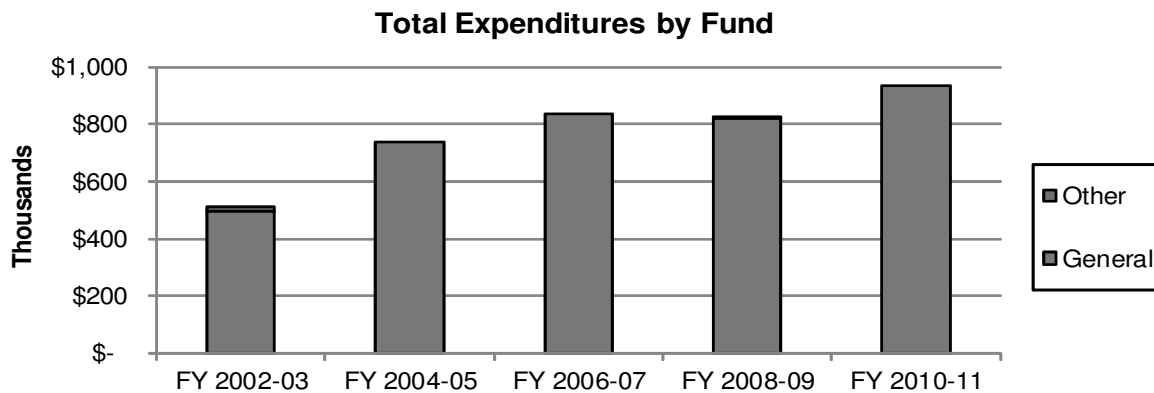
All the activities and responsibilities of the board strive to these ultimate goals:

- Efficiently and promptly review, investigate and act upon complaints of judicial misconduct;
 - In calendar year 2009, 1,534 inquiries by the public and judges were responded to by the staff within the same or next day, and then an agency pamphlet was sent to each individual.
 - The board meets every six weeks, and resolves matters within a 60-day average (where no additional inquiry or action is necessary).
 - In calendar 2009, the board issued 28 disciplinary actions, public and private.

- Ensure public confidence in the integrity and impartiality of the Minnesota judiciary;
 - The agency's website publicizes recent public discipline issued to judicial officers and advises of public disciplinary proceedings;
 - Agency estimates that 130 complaints will be received and processed in the next fiscal year and will respond to over 1,600 inquiries from the public, judges, attorneys and legislators.

- Educate and assist judges concerning judicial ethics for a knowledgeable judiciary.
 - The board issues informal or formal opinions to any judge.
 - The staff presents at the judicial orientation and various other forums to educate on judicial ethics.

Budget Trends Section



FY 2010 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 09/30/10.

The agency received an appropriation \$888,000 from the General Fund for FY 2010-11 budget, in addition to \$46,000 carrying forward from the previous biennium. \$250,000 is a specific line item dedicated for investigative services, attorney fees and hearing costs for disciplinary proceedings. This portion of the budget continues through the biennium since proceedings rarely begin and end within each biennium. The balance of the budget consists primarily of salaries and basic operating expenses such as rent, supplies, and telecommunication costs. Despite significant increases in the number of judicial officers, public contacts and advisory and educational activities, the full-time employees have remained constant at two since 1974. The board currently is progressing with five public hearings at this time. These hearings do involve extensive costs in the specific line item category. These additional services are retained only when necessary.

Contact

Board on Judicial Standards
2025 Centre Pointe Boulevard
Suite 180
Mendota Heights, Minnesota 55120

World Wide Web Home Page: <http://www.bjs.state.mn.us>

David Paull, Executive Secretary

Phone: (651) 296-3999

Fax: (651) 866-1865

E-mail: judicial.standards@state.mn.us

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	446	442	442	442	884
Recommended	446	732	456	456	912
Change		290	14	14	28
% Biennial Change from 2010-11					-22.6%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	457	767	456	456	912
Total	457	767	456	456	912
 <u>Expenditures by Category</u>					
Total Compensation	238	245	245	245	490
Other Operating Expenses	219	522	211	211	422
Total	457	767	456	456	912
 <u>Expenditures by Program</u>					
Judicial Standards Board	457	767	456	456	912
Total	457	767	456	456	912
 Full-Time Equivalents (FTE)	 2.0	 2.0	 2.0	 2.0	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	442	442	442	884
Subtotal - Forecast Base	442	442	442	884
Change Items				
Deficiency Request for FY 2011	290	0	0	0
Investigative and Hearings Expenditures	0	14	14	28
Total Governor's Recommendations	732	456	456	912

JUDICIAL STANDARDS BOARD

Change Item: Deficiency Request for FY 2011

Fiscal Impact (\$000s)	FY 2011	FY 2012	FY 2013	FY 2014
General Fund				
Expenditures	\$290	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$290	\$0	\$0	\$0

Recommendation

The Governor recommends \$290,000 in FY 2011 for funding a deficiency request from the Board on Judicial Standards to conduct investigations and hearings. The additional funds are necessary in order to complete five disciplinary proceedings already in progress. This is a one-time appropriation.

Rationale

The board is presently involved in five formal judicial disciplinary and/or disability matters. Public hearings are required by the Rules of the Board on Judicial Standards. The rules require that the board justify any proposed contested discipline by clear and convincing evidence before a specially appointed panel of three members. The hearings also provide the judge to adduce evidence as well as produce and cross-examine witnesses. The decision of the hearing panel is then presented to the Supreme Court for final resolution. Each of these matters requires the board to incur the costs of the public hearings, such as court reporters, investigative services and attorney fees. Examples of alleged misconduct are the failure to comply with the constitution, conflicts of interest, improper comments about a citizen group and election irregularities. In a fifth case, the Governor requested the board to investigate the veracity of a claim of disability. In addition to counsel to represent the board, it was necessary to provide a lawyer for the judge, pursuant to the rules. The board estimates that the hearings will be completed by the close of the fiscal year. On average, the Board typically conducts one or at the most two public hearings in a two year period. This increased activity is extraordinarily unusual and was totally unanticipated. The increase in public case load is due solely to what has been brought to the board's attention.

The current appropriation has been reduced because of the recent budget reductions. The operating budget has been used for various expenditures in these investigations but cannot be used to totally supplement this unusually high volume of extra activity. The deficiency request would add to the special line in the appropriation only for "investigative hearings costs for major disciplinary actions". The request does not affect the base budget and is a one-time request. It is estimated that each hearing would require an additional \$70 - \$75. This estimation is based on previous disciplinary proceedings at this stage. Costs have been expended already in the previous fiscal years for these disciplinary matters. The most recent previous disciplinary matter cost \$186,272 to completion. The funds are used only for this purpose.

Key Goals and Measures

The legislature created the board to assure that the public maintains confidence and public trust in the Minnesota judiciary. The board is the only agency that monitors judicial conduct and it is the core activity of the board. The board's goal is to investigate serious charges of alleged judicial misconduct or disability and make recommendations to the Supreme Court as set out in the Rules of the Board on Judicial Standards. The board needs these funds to proceed. A delay will result in harm to the public and unfairness to the judge. The public's confidence in an efficient judicial system will be reduced. Delays not only interfere with the due process of the judge, but are detrimental to the entire judiciary. The ability of the agency to perform its statutory mission and comply with statutes is significantly hampered if funds are not available when necessary.

The board strives to:

- Promptly process and investigate complaints efficiently
- Provide due process to judges
- Adhere to the timetable set out in the Rules of the BJS to timely proceed with disciplinary proceedings

JUDICIAL STANDARDS BOARD

Change Item: Deficiency Request for FY 2011

The expenditures for this special line item for the past fiscal years are listed below. In fiscal years 2006-2010, there were three disciplinary matters requiring public hearings. The expenditures were spread through several fiscal years. In each fiscal year, investigative services were necessary. This current deficiency request, by contrast, involves five disciplinary and disability matters, all to be heard before June 30, 2011. There is no alternative to funding. The board is solely dependent on legislative appropriation. Because of the unique mission of this agency, and to avoid even the perception of a conflict of interest, no other funding mechanism is available.

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011 Budget</u>
<i>Special Proceedings</i> Expenditures 2D0	221,925	116,184	80,478	161,465	172,503	127,746

JUDICIAL STANDARDS BOARD

Change Item: Investigative and Hearings Expenditures

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$14	\$14	\$14	\$14
Revenues	0	0	0	0
Net Fiscal Impact	\$14	\$14	\$14	\$14

Recommendation

The Governor recommends \$14,000 each year of the FY 2012-13 biennium to restore full funding to the ongoing line item for costs of judicial disciplinary hearings. This increase would restore a previous budget reduction to the agency's base funding for investigations and hearings.

Rationale

The legislature established a special line item within the appropriation designated for investigations and hearings. This special line item was deemed necessary to avoid delays caused by the lack of funds, as well as the numerous supplemental and deficiency requests made by the board in order to continue with previously required disciplinary and/or disability proceedings. The expenditures in this line item are always unanticipated and cannot be provided for in this small agency's operating budget. The timing of deficiency requests do not coincide with the legislative sessions. The board requests that the earlier budget cuts be restored so the board can continue to provide the hearings required by law without delay. The number of disciplinary proceedings has increased substantially in the last biennium. Presently, the board is involved with five disciplinary and/or disability proceedings. During the next biennium, additional matters will require funds for attorney fees, court reporters, investigators and other related costs. These funds will be necessary in addition to the board's current caseload. The board requests that the level of funding be restored to its original appropriation of \$125, an increase request of \$14 for each fiscal year.

Key Goals and Measures

The legislature created the board to assure that the public maintains confidence and public trust in the Minnesota judiciary. The board is the *only* agency that monitors judicial conduct and it is the core activity of the board. The board's goal is to investigate charges of alleged judicial misconduct or disability and make presentations to the Supreme Court and panels appointed by the court as set out in the Rules of the Board on Judicial Standards. The board needs these funds to proceed. A delay will result in harm to the public and unfairness to the judge. The public's confidence in an efficient judicial system will be reduced. Delays not only interfere with the due process of the judge, but are detrimental to the entire judiciary. The ability of the agency to perform its statutory mission and comply with statutes is completely hampered if funds are not available when necessary.

The board strives to:

- Promptly process and investigate complaints efficiently
- Provide due process to judges
- Adhere to the timetable set out in the Rules of the Board on Judicial Standards to timely proceed with disciplinary proceedings
- The expenditures for this special line item for the past fiscal years are listed below. In fiscal years 2006-2010, there were three disciplinary matters requiring public hearings. The expenditures were spread through several fiscal years. In each fiscal year, investigative services were necessary. In FY 2011, five disciplinary and disability matters will be heard. A deficiency request has been made to proceed within FY 2011. These matters will be concluded before the Supreme Court incurring additional attorney fees in FY 2012. There is no alternative to funding. The board is solely dependent on legislative appropriation. Because of the unique mission of this agency, and to avoid even the perception of a conflict of interest, no other funding mechanism is available

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011 + Defic. Req.</u>	<u>FY 2012 Proposed</u>	<u>FY 2013 Proposed</u>
<i>Investigations & Hearings - Expenditures</i>								
2D0	221,925	116,184	80,478	161,465	172,503	417,746	125,000	125,000

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Operating Budget Reduction	7
⇒ Extension Of Fixed Rate Permit Surcharge	8
⇒ Construction Program Fee Adjustments	10
⇒ Licensure Consistency - Continue 2010 Leg.	12
Programs	
Workers Compensation Division	16
Program Summary	17
Budget Activities	
Workers Compensation	18
Budget Activity Summary	22
OSHA Safety And Consultation	23
Budget Activity Summary	27
Construction Codes & Services	28
Program Summary	31
General Support Division	32
Program Summary	34
Labor Standards & Apprenticesp	35
Program Summary	37
Federal Funds Summary	38
Agency Revenue Summary Fiscal Page	39

⇒ Designates that this item is a change item

Agency Purpose

The mission of the Department of Labor and Industry (DLI) is to ensure Minnesota’s work and living environments are equitable, healthy, and safe. Its vision is to be a trusted resource and an impartial regulator for employers, employees, and property owners.

At a Glance

Safety & Workers’ Compensation

- Jurisdiction over more than 2.6 million Minnesota workers and 168,000 private and public-sector employers
- Conducts 4,200 safety and health inspections and consultations annually
- Responds (within 24 hours) to an average of 20 fatalities each year
- Provides annual outreach sessions impacting more than 20,000 employers and employees

Construction Codes and Licensing

- Reviews building plans on \$532 million worth of construction for code compliance each year
- Provides more than 450,000 code compliance inspections on about 200,000 construction projects annually

- Evaluates and issues 110,000 licenses to individuals and businesses in the construction industry, biannually.

Labor Standards & Apprenticeship

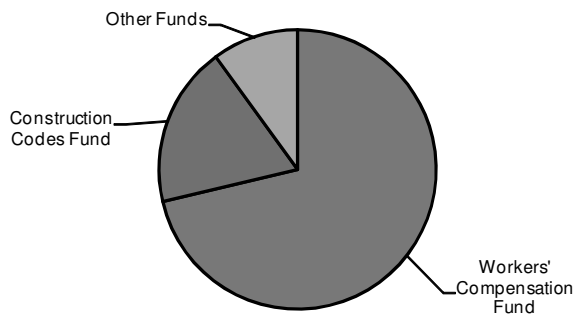
- Investigated 500 cases of labor law compliance and processed 1,106 wage claims
- Registered 11 new and monitored 300 current sponsors of apprenticeship training
- Managed 7,219 apprentices in training, including 1,130 women and people of color

General Support

- Facilitates nearly 5.3 million Web hits (CY 2009)
- Approximately 93% of DLI’s budget goes toward program expenditures, with 7% spent on general support.

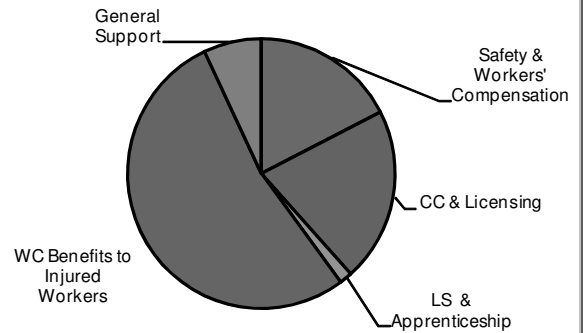
**Data is from 2010*

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting & Procurement System (MAPS) as of August 31, 2010.

Strategies

Through outreach, education and compliance efforts, DLI strives to improve the quality of life for Minnesota workers and their families. DLI’s strategies are to:

- reduce and minimize the impact of workplace injuries and illnesses;
- help resolve workplace complaints and disputes;
- ensure compliance and awareness about workplace requirements; and
- assure quality construction, operation and maintenance of structures.

DLI continually strives to ensure that safer and healthier work environments are constructed in Minnesota.

Operations

DLI's primary customers are Minnesota workers, employers, and building owners. Other stakeholders include builders, contractors, building officials, manufacturers of building products, insurers, attorneys, rehabilitation and health care providers, employment agencies, and boat owners. Services are provided through four DLI divisions.

The **Safety and Workers' Compensation Division** provides leadership, support, and a framework for operations relating to the safety and compensation of employees and employers through the following six activities.

- Special claims administration serves as a "safety net," by administering workers' compensation benefits to injured workers whose employers did not have workers' compensation insurance at the time of injury. DLI serves as the insurer and the staff manages these claims in a fashion similar to an insurance company.
- Dispute resolution resolves disputed issues among employers, insurers, injured workers, medical providers, and other parties to a workers' compensation claim. The focus is on early dispute resolution by providing mediators to staff the agency's phone hotline.
- Vocational rehabilitation provides vocational services to injured workers whose claims have been denied or whose claims are in dispute and are awaiting resolution in court.
- Assessment collection collects assessments through an insurer premium surcharge and self-insured assessment. This money funds ongoing obligations, including \$43 million in future benefits paid under the uninsured, second-injury and supplementary benefits programs. The assessment funds the operating budget for the Workers' Compensation Division, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals and a portion of the Department of Commerce.
- MNOSHA Compliance conducts safety and health inspections of workplaces and issues citations for failure to comply with standards. It provides technical assistance, outreach, and education about safety and health issues. MNOSHA Compliance also develops partnerships with organizations and investigates allegations of adverse employment actions against employees who make safety and health complaints.
- MNOSHA Workplace Safety Consultation provides safety and health inspections, alliances, training and outreach sessions, and technical assistance to public and private-sector employers, primarily targeting small high-hazard industries. It also administers safety programs such as safety grants, labor-management safety committees, workplace violence prevention, ergonomics, and logger education.

The **Construction Codes and Services Division** assures construction standards, construction codes, and construction-related licensing complies with legal requirements through the following three activities.

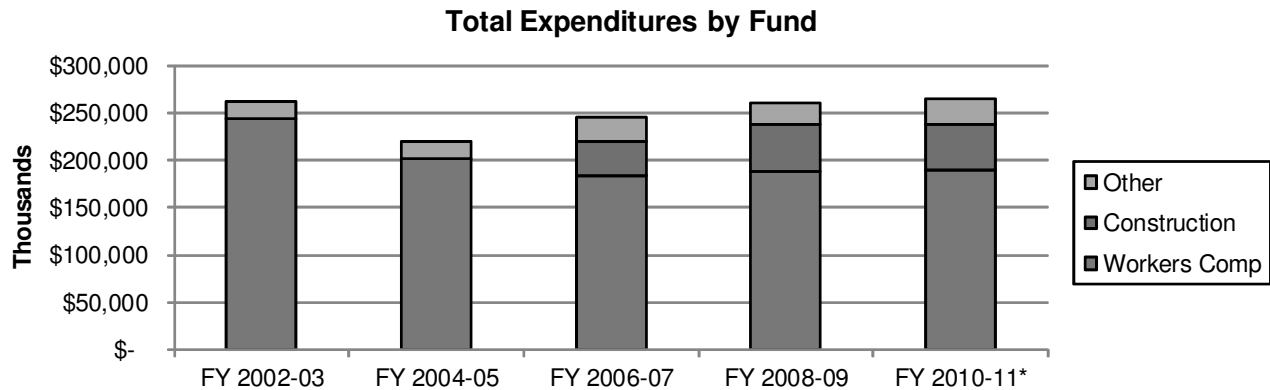
- Licensing and administrative services promulgates construction codes for building, accessibility, elevator, energy, manufactured structures, and boilers. It provides support for three authoritative boards relating to the electrical, plumbing, and high-pressure-piping codes. It also licenses all of the above industries and provides technical assistance and training programs for continued education.
- Inspection services provides code compliance inspections for electrical, plumbing, boiler, elevator, high-pressure piping and boats for hire.
- Plan review and regional services provides code compliance plan reviews and inspections for state-owned buildings, school district buildings, and state licensed facilities for various provisions of the state building code, particularly those contributing to life safety and accessibility. It also reviews plumbing plans for most commercial buildings for compliance with various health and sanitation provisions of the Minnesota Plumbing Code and provides regional services to municipalities by assisting them with administration of the codes and auditing their performance to ensure consistent application of all codes.

The **Labor Standards and Apprenticeship Division** enforces employment laws governing child labor, minimum wage, overtime, prevailing wage, and parental leave. It regulates, supervises, and promotes apprenticeship

programs that meet state standards. It also provides outreach and education to employers and employees, and issues licenses to fee employment agencies.

The **General Support Division** supports agency operations through communications, legislative relations, financial management, human resources, information technology, research and statistics, legal advice, rulemaking, and litigation.

Budget Trends Section



**FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/31/2010.*

External Factors Impacting DLI

The Construction Codes and Licensing Division’s (CCLD) revenues are fees collected from licenses, permits and inspections of the construction industry. The construction industry has been especially hard hit by the recent economic downturn and CCLD dedicated fee revenues from permits and inspections have fallen significantly. For example, the electrical inspection revenues are down 11% or approximately \$1 million from SFY2009 to SFY2010. The building permit surcharge revenues are down 14% or approximately \$1 million from SFY2009 to SFY2010. CCLD continues to monitor revenues and will continue to adjust program activities as necessary.

Safety and Workers’ Compensation is funded from an assessment on insurers and self insured employers. The assessment rate is analyzed and assessed annually to fund payments to injured workers and to support program operational activities. The assessment rate has been reduced during the past few years through DLI’s oversight and settlement of old claims. The amount collected each year is sufficient to make payments to injured workers.

Contact

For more information, contact DLI Communications at (651) 284-5313.

More than 2,800 visitors stop by the DLI Web site (<http://www.dli.mn.gov>) each day to learn more about Minnesota’s employment laws, construction codes and licensing, safety and health standards, work-related injuries, and worker training programs.

For information about department goals and results, visit the Accountability Minnesota Web site at <http://www.accountability.state.mn.us/Departments/LaborIndustry/index.htm>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	860	860	860	860	1,720
Recommended	860	860	817	817	1,634
Change		0	(43)	(43)	(86)
% Biennial Change from 2010-11					-5%
Workforce Development					
Current Appropriation	1,029	1,029	1,029	1,029	2,058
Recommended	1,029	1,029	1,029	1,029	2,058
Change		0	0	0	0
% Biennial Change from 2010-11					0%
Workers Compensation					
Current Appropriation	20,871	20,871	20,871	20,871	41,742
Recommended	20,871	20,871	20,871	20,871	41,742
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	761	959	817	817	1,634
Workforce Development	875	1,183	1,029	1,029	2,058
Workers Compensation	19,641	22,101	20,871	20,871	41,742
Open Appropriations					
Workers Compensation	70,532	70,723	70,723	70,723	141,446
Statutory Appropriations					
State Government Spec Revenue	22,603	23,257	24,929	25,173	50,102
Miscellaneous Special Revenue	5,972	6,189	6,481	6,481	12,962
Federal	5,194	5,357	5,345	5,345	10,690
Federal Stimulus	24	142	0	0	0
Workers Compensation	3,403	3,242	2,934	2,934	5,868
Miscellaneous Agency	115	16	15	15	30
Total	129,120	133,169	133,144	133,388	266,532
<u>Expenditures by Category</u>					
Total Compensation	35,178	37,282	38,109	38,506	76,615
Other Operating Expenses	21,401	23,363	22,511	22,358	44,869
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	2,164	2,018	2,018	2,018	4,036
Total	129,120	133,169	133,144	133,388	266,532
<u>Expenditures by Program</u>					
Workers Compensation Division	92,747	94,270	93,360	93,360	186,720
Construction Codes & Services	26,013	26,709	28,460	28,704	57,164
General Support Division	8,599	9,934	9,366	9,366	18,732
Labor Standards & Apprenticesp	1,761	2,256	1,958	1,958	3,916
Total	129,120	133,169	133,144	133,388	266,532
Full-Time Equivalent (FTE)	446.1	450.4	457.7	457.2	

LABOR AND INDUSTRY DEPT

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	860	860	860	1,720
Subtotal - Forecast Base	860	860	860	1,720
Change Items				
Operating Budget Reduction	0	(43)	(43)	(86)
Total Governor's Recommendations	860	817	817	1,634
Fund: WORKFORCE DEVELOPMENT				
FY 2011 Appropriations	1,029	1,029	1,029	2,058
Subtotal - Forecast Base	1,029	1,029	1,029	2,058
Total Governor's Recommendations	1,029	1,029	1,029	2,058
Fund: WORKERS COMPENSATION				
FY 2011 Appropriations	20,871	20,871	20,871	41,742
Subtotal - Forecast Base	20,871	20,871	20,871	41,742
Total Governor's Recommendations	20,871	20,871	20,871	41,742
Fund: WORKERS COMPENSATION				
Planned Open Spending	70,723	70,723	70,723	141,446
Total Governor's Recommendations	70,723	70,723	70,723	141,446
Fund: STATE GOVERNMENT SPEC REVENUE				
Planned Statutory Spending	23,257	21,520	21,759	43,279
Change Items				
Extension of Fixed Rate Permit Surcharge	0	1,200	1,200	2,400
Construction Program Fee Adjustments	0	2,141	2,183	4,324
Licensure Consistency - Cont. 2010 Leg	0	68	31	99
Total Governor's Recommendations	23,257	24,929	25,173	50,102
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	6,189	6,481	6,481	12,962
Total Governor's Recommendations	6,189	6,481	6,481	12,962
Fund: FEDERAL				
Planned Statutory Spending	5,357	5,345	5,345	10,690
Total Governor's Recommendations	5,357	5,345	5,345	10,690
Fund: FEDERAL STIMULUS				
Planned Statutory Spending	142	0	0	0
Total Governor's Recommendations	142	0	0	0
Fund: WORKERS COMPENSATION				
Planned Statutory Spending	3,242	2,934	2,934	5,868
Total Governor's Recommendations	3,242	2,934	2,934	5,868
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	16	15	15	30
Total Governor's Recommendations	16	15	15	30
Revenue Change Items				
Fund: STATE GOVERNMENT SPEC REVENUE				
Change Items				
Extension of Fixed Rate Permit Surcharge	0	1,200	1,200	2,400
Construction Program Fee Adjustments	0	2,264	2,264	4,528
Licensure Consistency - Cont. 2010 Leg	0	68	31	99

LABOR AND INDUSTRY DEPT

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	(\$43)	(\$43)	(\$43)	(\$43)
Net Fiscal Impact	(\$43)	(\$43)	(\$43)	(\$43)

Recommendation

The Governor recommends a reduction of \$43,000 in FY 2012 and \$43,000 in FY 2013 to the Department of Labor and Industry general fund operating budget. The Governor intends that the Department of Labor and Industry should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

This proposal represents a five percent reduction to the Department of Labor and Industry's base General Fund forecast budget.

Rationale

The Department of Labor and Industry's total base forecast general fund operating budget is \$860,000 for FY 2012 and \$860,000 for 2013 and includes amounts budgeted for Labor Standards. The Department of Labor and Industry is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, Labor and Industry will reduce operating budgets by the following amounts:

- Labor Standards - \$43,000

The Labor Standards Unit serves as a clearinghouse of information about a variety of wage, hour and employment law issues. The unit administers and enforces Minnesota laws affecting employee wages, child labor, prevailing wage and fee employment agencies. Each year, our staff receives approximately 25,000 telephone calls requesting assistance or information. The recommended reduction of 5% or 0.5 FTE will likely result in additional delays in responses, outreach, education and addressing stakeholder concerns in a timely manner.

Statutory Change: Not Applicable.

LABOR AND INDUSTRY DEPT

Change Item: Extension of Fixed Rate Permit Surcharge

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$1,200	\$1,200	\$0	\$0
Revenues	1,200	1,200	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendations

The Governor recommends the extension of the \$5.00 fixed rate permit surcharge enacted during the 2010 legislative session (Minnesota Statutes 326B.148). The extension is recommended for the FY 2012 and FY 2013 biennium only and would expire on June 30, 2013. The extension would increase the Construction Codes and Licensing Division (CCLD) revenues \$1.2 million each year of the biennium.

Rationale

The construction industry continues to be one of the most depressed sectors of an extremely slow economic recovery. CCLD is financed 100% by dedicated fees generated from construction and other building maintenance related activities. As the economy has declined the number of enforcement complaints and investigations increased. The program is experiencing difficulty funding its fee for service operations at current revenue levels.

The building permit surcharge, which is used for code adoption and other non-fee based costs, has been a fairly reliable indicator of annual construction activity. In fiscal year 2006 the building permit surcharge generated \$5,135,026 in program revenue. By fiscal year 2010 revenue collections from permit surcharges had fallen 49.8% to \$2,576,120. During the 2010 legislative session industry representatives proposed a temporary one year increase of \$4.50 per fixed rate permit bringing the fee from \$0.50 to \$5.00 per permit.

Between FY 2009 and FY 2010 CCLD program reductions of over \$3.2 million (12.5%) were made. During the same two fiscal years, transfers to the General Fund have totaled \$5.03 million. The CCLD operating fund balance plunged 50% to \$4.6 million. To mitigate the financial impact to critical safety assurance activities, CCLD managers have responded through:

- Reductions in inspection and plan review staffing;
- Reductions to code development, implementation and training;
- Reductions in enforcement and complaint investigations;
- Reductions in support staffing levels;
- A 5% reduction in electrical contract inspector payments;
- A \$1.4 million shift forward in revenues from an implementation of two year licensing;
- Obtaining a one time, one year increase of \$1.2 million in surcharge revenue for FY 2011.

Current operating levels are not sustainable given current law.

The additional revenue resulting from the two year licensing implementation will not be available in the 2012-13 biennium, mortgage foreclosures are expected to continue rising, and the construction economy is expected to remain weak. CCLD is now preparing for the next round of significant program reductions. Reductions will include the near elimination of building code development/implementation and significant reductions in enforcement activity. Approximately ten to fifteen positions will be eliminated if the \$1.2 million is not retained. This will negatively impact staffing levels with which to meet critical plan review and safety inspection activities, delays in the division's ability to conduct those services in a timely manner, and prevent adoption of the most current building codes.

The governor is making this recommendation because safe, energy efficient, quality construction and building maintenance are critical to a high quality of life in Minnesota. A harsh winter climate and rising energy costs dictate that Minnesota needs to maintain its capacity to plan and implement new energy efficient building codes for the future well being of citizens and businesses.

The adjustments will increase funds available to CCLD by \$1.2 million annually.

Key Goals and Measures

Maintain adequate, quality enforcement services, code development, and training and education programs to protect citizen safety and capital investments.

Alternatives Considered

- Seek the elimination of the \$1.515 million in annual transfers to the state general fund.
- Continue to reduce service capacity in code development, education and enforcement as a strategy to meet budgetary constraints. Program service reductions occurred in FY' 2010 through staff layoffs and operational reductions. CCLD will continue to reduce program activities if additional revenue cannot be raised. Additional reductions will require statutory changes to remove program services currently required in law.

Statutory Change: 326B.148

LABOR AND INDUSTRY DEPT

Change Item: Construction Program Fee Adjustments

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$2,141	\$2,183	\$2,227	\$2,271
Revenues	2,264	2,264	2,284	2,284
Net Fiscal Impact	\$(123)	\$(81)	\$(57)	\$(13)

Recommendation

The Governor recommends establishing a fee for service model for the Construction Codes and Licensing Division (CCLD) inspection and plan review programs. Establishing the model involves fee adjustments to ensure that the fees collected reflect the cost of the work performed. Adjustments are as follows:

- Increases to electrical, elevator, and plumbing inspections fees;
- Decreases to plumbing plan review fees;
- Establishing a standard CCLD hourly rate for all inspection, plan review and other work requiring hourly rate charges; and
- Implement a backflow assembly registration and filing fee.

Rationale

In 2005 a governor's executive order consolidated portions of five construction and building maintenance regulatory programs into the Department of Labor and Industry to create the Construction Codes and Licensing Division (CCLD). The CCLD is funded entirely through fees and surcharges paid by the construction and building maintenance industries for regulatory services assuring citizen health and safety. During the last several legislative sessions, program managers have been working to statutorily align all five disparate program funding activities into a single CCLD fee for service framework. This is a continuation of that effort. In addition to the restructuring, the CCLD is unable to meet core statutory responsibilities in some areas and fee adjustments are being recommended.

Annual Revenues: Total Adjustments: \$2.264 million

All program recommendations for fee increases are occurring in areas where revenues do not currently cover programs costs. The fees specifically affected by this change proposal include:

- +\$800,000 revenue increase on electrical inspections to allow for recovering current program costs. In fiscal year 2010 a 5% reduction in electrical contract inspector payments was implemented, but revenues remain below costs. Electrical inspection fees were last adjusted (increased) in 2007.
- +\$765,000 revenue increase on elevator inspections. The elevator program cannot meet statutory annual inspection requirements using current funding levels. Elevator fees are in two parts. 1) an annual operating permit; and 2) an inspection fee for new construction and alterations. This fee change affects the new construction and alterations fee by removing the \$1,000 inspection fee cap and moving valuation from 0.015 to 0.025. Elevator inspection fees were last adjusted in 1999.
- +\$870,000 revenue increase from a plumbing inspections restructuring. The current schedule is not consistent with other jurisdictional practices and does not cover overall operational costs. The current schedules ranges from a \$300 minimum for small projects and a maximum of \$1,800 on large projects, regardless of size. Some inspections can cost more than \$14,000. The proposed revised fee schedule will be similar to the inspection schedule employed by the City of St. Paul and include a minimum fee of \$125 for small projects and an incremental fee based on the number and type of fixtures installed. Plumbing inspection fees were established in 2003.
- -\$200,000 revenue reduction to remove plumbing plan review subsidization of plumbing inspections under a fee for service framework. Currently plumbing plan review and plumbing licensing revenues are subsidizing the cost of plumbing inspections. The fee restructuring will ensure that the subsidization is no longer necessary.
- +\$9,000 revenue increase to implement a uniform and consistent \$80.00 hourly rate across the division to recover costs where statute requires an hourly rate. The hourly costs associated with plan reviews and inspections are comparable and the fee structure will be made consistent.

- +\$20,000 in revenue in FY 2012-13 and \$40,000 in FY 2014-15 from the implementation of an annual \$10 backflow assembly filling fee. The filing and corresponding CCLD costs are required to assure backflow assembly work protecting public water systems has been completed.

The total first year expense increases are \$2.141 million to meet required statutory obligations in inspections, plan reviews, enforcement, and to recover minimal code development, code adoption, and education capacity. Minnesota is minimally expected to adopt new building codes every six years.

CCLD is going to use the revenue adjustments to meet two primary objectives.

- Maintain core program components that were reduced due to the recent economic downturn. Those elements include enforcement, code development, code adoption, training, education, enforcement activities and building a viable plumbing, electrical, and elevator inspection fee structure to meet statutory requirements.
- Continue the financial restructuring toward an efficient, accountable, and transparent fee for service funding structure. This funding element is critical to meeting future industry and citizen needs in building construction to ensure that Minnesota citizens have safe healthy building environments.

Key Goals and Measures

- CCLD will have the resources to meet construction and building maintenance inspection, plan review, enforcement and other regulatory safety and health assurance activities required by law.
- The fees charged for CCLD services will cover the costs of program funding.
- The fee adjustments will provide greater transparency and accountability to assure regulated stakeholders and the public a fair and equitable fee for service program funding process.

Alternatives Considered

- Changes in the statutory requirements that call for annual elevator inspection cycles. Extend the cycle to require inspection every two years. This alternative will create elevator safety concerns.

Statutory Change: 326B, 326B.37, 326B.49, 326B.92, 326B.153, 326B.184, Repeal Minnesota Rules Part 1307.0032 and relocate language to 326.184, create sub-division 5

LABOR AND INDUSTRY DEPT

Change Item: License Consistency - Continue 2010 Leg.

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Construction Code Fund				
Expenditures	\$68	\$31	\$63	\$37
Revenues	68	31	63	37
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends making the following adjustments to complete the Construction Codes and Licensing Division's licensure fee restructuring initiative adopted in Laws 2010, Chapter 347, Article 3. These items were overlooked in the initial 2010 fee proposal and are needed to fulfill the intent of the original legislation. The adjustments are:

- the fee and license duration for medical gas and vacuum certifications to align with the fee schedule adopted in Laws 2010, Chapter 347, Article 3, Section 4 and the standard two-year duration of licenses, registrations, and certifications authorized in Chapter 326B.
- extending the continuing education and course approval fee requirements to all entities requiring these services from the Construction Codes and Licensing Division (CCLD) pursuant to Minnesota Statute 326B.821.
- incorporates sign contractor bonds into the department of labor and industry's construction codes and licensing activities by requiring a \$100 biennial registration fee when the contractor files a sign contractor bond.
- aligns contractor bonds for performing building sewer and water service installation pursuant to Minnesota Statute 326B.46.
- registers individuals qualified by training to engage in the maintenance, rebuilding, and testing of backflow prevention devices, as regulated in the State plumbing code.

Rationale

These adjustments are needed to assure complete implementation of the licensure fee restructuring adopted in the 2010, Chapter 347, Article 3 legislation. The changes outlined here are clean-up items intended to bring statutory consistency to all of the CCLD licensure fees and processes. The intent is to allow for greater efficiency, equity, and transparency. The rationale for each separate change is listed below.

Medical Gas and Vacuum Certification Fee Adjustment

Adjusting the biennial certification fee to \$40 is consistent with the new CCLD fee schedule and adequately recovers program costs. The current fee is more than what is required to recover program costs and is not consistent with other certifications issued by the construction codes and licensing division.

The medical gas and vacuum certification was enacted (Laws 2010, Chapter 183, Section 8) before legislation restructuring licenses, registrations, and certifications authorized in Chapter 326B was enacted (Laws 2010, Chapter 347, Article 3). This initiative is proposed to align this certification to the fee and license duration standards governing licenses, registrations, and certifications authorized in Chapter 326B. Adoption of these changes is necessary to ensure the department's implementation of administrative processes approved in Laws 2010, Chapter 347, Article 3 to achieve the efficiencies promised.

The current fee is set at \$35 for a one year certification. The proposed fee is \$40 for a two year certification. The agency believes approximately 6,500 plumbers will be eligible for the certification, but approximately 5% will obtain it within the next biennium. The adoption of Medical Gas and Vacuum Certification requirements by the Minnesota Plumbing Board is pending.

This change will result in lower CCLD revenues of \$5,000 per year beginning in fiscal year 2013.

Extend the Continuing Education and Course Approval Fee

Currently the Department of Labor and Industry's Construction Codes and Licensing Division has statutory authority to collect fees from some types of continuing education (CE) providers, but not others. Currently residential contractor CE sponsors are required by law to pay fees while the electrical license sponsors are not. This has created both an inequity to continuing education sponsors using CCLD services and reduces the capacity to adequately recover program costs under a fee for service dedicated funding model. To manage continuing education and the diversity of license disciplines, the department is implementing a single, uniform administrative structure to efficiently support all the licenses, registrations, and certifications requiring continuing education. To maintain equity and recover costs, the fees outlined in statute must also be distributed in an equitable and fair manner.

CCLD continuing education currently provides services for 14,000 residential construction, 900 building officials, 100 manufactured home installers, and 40,000 electrical licensees. The legislature has authorized continuing education hours for approximately 12,000 licensed plumbers and 32,000 licensed boiler engineers.

- CCLD anticipates this change will affect 99 course sponsors. The fee for approving a course sponsor is \$100 once every two years. The average annual revenue is estimated to be: \$4,950. It is anticipated most of the sponsors will register in the first year of the biennium.
- Approximately 200 course hour approvals will be required per year at a cost of \$20 per credit hour. The additional annual revenue is expected to be: \$4,000.

Implementation of the single, uniform administrative structure for administering continuing education for licenses, registrations, and certifications authorized in Minnesota Statutes Chapter 326B will be January 1, 2012 in conjunction with administrative changes to these licenses enacted in Laws 2010, Chapter 347, Article 3.

Sign Contractor Bond Incorporation into Licensure

This recommendation establishes a two-year registration period for bonds filed with the department and a biennial registration fee of \$100 to coincide with the biennial period of the bond as changed in Chapter 347, Article 3, Section 48 of the 2010 Session Laws.

This change is needed as part of the CCLD consolidation effort. Registration of sign contractor bonds was enacted in 1997 and assigned to the department of commerce to administer. The registration is voluntary on the part of the sign contractor. By registering their bonds with the department, sign contractors avoid having to file a separate bond in each local governmental jurisdiction in Minnesota that requires sign contractors to file a bond. Absent from the existing law is a registration period and fee, which this initiative resolves.

With the consolidation and restructuring of licenses, registrations and certifications in Minnesota Chapter 326B, all licenses, registrations, and certifications authorized in Chapter 326B will be administered pursuant to provisions of Minnesota Statutes 326B.091 to 326B.097, including the registration of sign contractor bonds. The difference is that sign contractors, under current law, would do so without paying a registration fee to cover their registration costs. This initiative brings the sign contractors into alignment with all other businesses registering a bond with the department.

There are currently 112 sign contractor bonds registered with the department of labor and industry. The proposed change in registration period and fee would go into effect on January 1, 2012 along with sections of Minnesota Statutes 326B.091 to 326B.097, which consolidates and restructures the licenses, registrations, and certifications authorized in Chapter 326B.

This change item will recover administrative costs through the implementation of a \$100 biennial registration fee, which will recover an average of \$5,600 per fiscal year or \$11,200 per biennium. This initiative clarifies that sign contractor bond registration is included in the registration requirements, processes and fees (Minn. Stats. 326B.091 to 326B.097) enacted by the 2010 legislature, which consolidated and restructured fees and administration of licenses, registrations, and certifications authorized in Chapter 326B.

Align Contractor Bond for Performing Building Sewer and Water Service

This proposed change is to correct an omission made in Laws 2010, Chapter 347, Article 3, Section 29, which limited the process for submitting a plumbing contractor bond to a plumbing contractor or restricted plumbing contractor, whereas under current law a master plumber, restricted master plumber, or certified pipe layer could submit those bonds. Eliminated by this change was the method for pipe layers to legally purchase a bond so they could continue installing building sewer and water service piping as they currently do.

Prior to last year's changes, which become effective January 1, 2012, a certified pipe layer, who did not need to be registered, could purchase a plumbing bond and do this work. The intent of this change is to correct the error which would exclude them from their traditional work.

Under the current law a certified unlicensed pipe layer annually pays a \$40 bond filing fee to act as a business.

The net additional fees paid by these contractors will be:

$\$50 - \$40 = \$10$ per year, $\$10 \times 710$ contractors = $\$7,100$

The clear intent of the 2010 legislation was the restructuring of administrative processes and better alignment of licenses, registrations and certifications across the construction disciplines. A clear unintended consequence of this legislation was the inadvertent removal of pipe layers from performing building sewer and water service installations, despite their clear statutory authority to do so, because no contractor provision was enacted to replace their current ability to file a plumbing contractor code compliance bond. This initiative would become effective on January 1, 2012, the same as the license restructuring changes enacted in 2010 Laws, Chapter 347, Article 3.

The estimated additional revenue from this change is expected to be \$7,100 in fiscal year 2012 and \$7,100 in fiscal year 2013. Fees will be collected on a biennial basis.

Backflow Prevention Devices

Minnesota's plumbing code requires individuals that test and maintain backflow prevention devices, pursuant to Minnesota Rule 4715.2161, to record their "backflow preventer tester identification number" on a test/inspection tag affixed to the backflow prevention device. Periodically, the tag must be submitted to the administrative authority as documentation that the device has been properly tested and maintained.

The department of labor and industry inherited a procedure for issuing "backflow preventer tester identification numbers" from the department of health in 2005 with the consolidation of plumbing licensure and inspections into the department's construction codes and licensing division. No statutory authorization, however, existed for registering individuals or issuing "backflow preventer tester identification numbers." This initiative provides statutory authorization to the department to register individuals authorized to maintain, rebuild, and test backflow prevention devices. There will be some additional start-up costs to transition the licensees into the new process.

Mandatory registration enables the department to issue a "backflow preventer tester identification number," which individuals maintaining, rebuilding, and testing must write on a tag affixed to a backflow prevention device when performing one of these tasks.

By charging individuals a \$20 biennial registration fee, this initiative will enable the department of labor and industry to appropriately register individuals and issue backflow prevention tester identification numbers, which is currently performed at no charge. The effective date will coincide with the January 1, 2012 implementation of the department's reconfigured administrative processes and fee structure enacted in 2010 (Laws 2010, Chapter 347, Article 3).

Estimated average annual fiscal year impact of the approximate 3,000 individuals that will be registered is \$30,000 at an annual registration fee of \$10 per year. The registrations are done biennially for \$20 per registration. Additional revenue is expected to be \$44,000 in fiscal year 2012 and \$16,000 in fiscal year 2013.

Note: This adjustment is expected to increase the Office of Enterprise Technology Surcharge revenue approximately \$2,000 in fiscal year 2012 and about \$1,000 in fiscal year 2013.

Additional Expenses from These Recommendations

The CCLD is currently performing activities required to process and register many of the individuals and business identified in this change request; however, the costs of performing these activities is not being properly recovered. The original licensure restructuring proposal adopted in Laws 2010, Chapter 347, Article 3 implemented a fee for service model to create efficiency, equity, and transparency to all licensed and registered individuals and businesses. This follow-up request completes this effort. The additional program costs for this proposal include some additional staff time, mailings, web updates, and other ongoing costs required by the CCLD fee for service framework.

Key Goals and Measures

The primary goals of these requests are to bring consistency and alignment of all licensing activities to all licensure activities adopted in Laws 2010, Chapter 347, Article 3. The changes are expected to bring greater efficiency, equity and transparency to the licensure and registration processes.

Measure for success with this initiative is whether the CCLD can achieve a transparent and fair fee for service licensure delivery system that provides greater citizen satisfaction and lower operational costs.

Statutory Change: Minnesota Statute 326B.438, 326B.821, 326B.091 to 326B.097, 326B.46,

Program Description

The purpose of the Safety and Workers' Compensation Division is to make sure every worker in the state of Minnesota has a safe and healthful workplace and to assure in an equitable and impartial manner, the quick and efficient delivery of benefits to injured workers at a reasonable cost to employers.

Services Provided

This program includes the following budget activities:

- Workers' Compensation Division
- MNOSHA, Compliance & Consultation

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Program Summary

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
Workers Compensation					
Current Appropriation	14,890	14,890	14,890	14,890	29,780
Technical Adjustments					
Approved Transfer Between Appr			(58)	(58)	(116)
Subtotal - Forecast Base	14,890	14,890	14,832	14,832	29,664
Total	14,890	14,890	14,832	14,832	29,664
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	14,168	15,496	14,832	14,832	29,664
Open Appropriations					
Workers Compensation	70,346	70,467	70,467	70,467	140,934
Statutory Appropriations					
Miscellaneous Special Revenue	82	31	31	31	62
Federal	5,041	5,105	5,096	5,096	10,192
Federal Stimulus	24	142	0	0	0
Workers Compensation	3,086	3,029	2,934	2,934	5,868
Total	92,747	94,270	93,360	93,360	186,720
<u>Expenditures by Category</u>					
Total Compensation	16,105	17,262	16,985	17,137	34,122
Other Operating Expenses	4,274	4,584	3,951	3,799	7,750
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	1,991	1,918	1,918	1,918	3,836
Total	92,747	94,270	93,360	93,360	186,720
<u>Expenditures by Activity</u>					
Workers Compensation	80,655	82,183	81,424	81,424	162,848
Osha Safety And Consultation	12,092	12,087	11,936	11,936	23,872
Total	92,747	94,270	93,360	93,360	186,720
Full-Time Equivalents (FTE)	219.6	226.2	223.2	223.2	

Activity at a Glance

- Resolved 6,936 disputes involving employees, insurers, employers, health care providers, and others
- Continued reduction in the self insured assessment rate from 25.7% in 2005 to 22.4% in 2010
- Conducted 1,045 mandatory coverage investigations and issued 663 penalties for failure to insure, collecting \$1,392,235
- Provided vocational services for an average of 383 injured workers each month, with an average length of services of 311 days, average cost of \$4,788 a client, 77% positive results, and a return-to-work wage restoration of 98%; collected \$561,196 in revenue from insurers
- Assessed 2,534 penalties and recovered \$3.08 million in additional benefits for injured workers
- Maintained more than 1.8 million workers' compensation claim files; imaged 3.1 million pages of mail

Activity Description

The Workers' Compensation Division exists to assure the quick and efficient delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers.

Population Served

The Workers' Compensation Division serves injured workers, employers, insurers, claims administrators, independent contractors, attorneys, health care and rehabilitation service providers, certified managed care organizations, the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, the state Supreme Court, and other state agencies.

Services Provided

Dispute resolution resolves disputed issues among employers, insurers, injured workers, medical providers, and other parties to a workers' compensation claim. The focus is on early dispute-resolution by providing mediators to staff a hotline about the workers' compensation system, facilitate communication between the parties, and intervene to resolve situations that might otherwise grow into larger disputes. The Workers' Compensation Division's staff conducts administrative conferences for rehabilitation disputes and medical disputes for disputes of less than

\$7,500. At the conference, the parties are first given an opportunity to relay their position about the dispute and offer any documentation in support of their position. The mediator attempts to move the parties to a voluntary resolution of the issue. If an agreement is not possible, a decision and order is issued. Since 1983, the Workers' Compensation Division has provided mediation services, a powerful dispute-resolution tool. The dynamics involved when a neutral third-party mediator assists the parties in evaluating and framing their settlement position results in a very high resolution-rate.

Assessment collection collects assessments through an insurer premium surcharge and self-insured assessment. This money funds ongoing obligations, including \$60.6 million in future benefits paid under the uninsured, second-injury, and supplementary benefits programs, as well as funding the operating budget for the Workers' Compensation Division, MNOSHA, a portion of DLI general support, the Workers' Compensation portion of the Office of Administrative Hearings, the Workers' Compensation Court of Appeals, and a portion of the Department of Commerce.

Special claims administration acts as a safety net, with staff members administering workers' compensation benefits to injured workers whose employers did not have workers' compensation insurance at the time of injury. DLI serves as the insurer and the staff manages these claims in a fashion similar to an insurance company. Recovery is pursued against the uninsured employer and actions taken to promote compliance with the mandatory coverage law. DLI also administers asbestosis medical claims and pays benefits to injured employees of certain self-insured employers that went bankrupt prior to the start of the Self-insured Security Fund (SISF). Insurers and employers are reimbursed for payments made to employees under the second-injury and supplementary benefits programs. Although these programs were discontinued for injuries occurring after 1995 and 1992, respectively, it is estimated payments under these programs will continue to be made on a declining basis until approximately 2050.

Vocational rehabilitation services are provided to injured workers: whose workers' compensation claims were denied; whose rehabilitation services were suspended; who qualify for services paid by insurance carriers or self-

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WORKERS COMPENSATION

Narrative

insured employers; or who are awaiting a decision about eligibility for workers' compensation benefits. The division works with the injured worker, treating physician, and employer to determine eligibility. It works with eligible individuals in developing a return-to-work plan and coordinates activities with health care professionals. In addition, the division works with injured workers to develop job skills needed to return to work either to the same or new employer.

Enforcement carries out the statutes that provide for fines and penalties to be directed at noncompliant employers, insurers, vocational rehabilitation providers, and health care providers. Workers' compensation claims are audited to ensure compliance and assessment of a variety of penalties against parties in the workers' compensation system. Employers can be penalized for failing to obtain workers' compensation insurance, failing to post required information, failing to timely report an injury, and falsifying insurance information. Insurers can be penalized for failing to timely pay or deny benefits, failing to file required information, denying benefits without proper notice, failing to respond in a timely manner, and late filing or payment of assessments. Vocational and health care providers can be penalized for professional misconduct and failing to comply with the numerous rules defining their activities. Penalties may be directed at employers, insurers, vocational rehabilitation providers, and health care workers for failing to release requested medical data in a timely fashion. In addition to penalties, workers' compensation claims are reviewed for compliance in situations where penalties may not be appropriate. Insurance carriers are contacted regarding these files, resulting in \$3.08 million in additional benefits to injured workers. The following links provide detailed reports regarding enforcement:

http://www.dli.mn.gov/WC/PDF/fines_penalties_report09.pdf and www.dli.mn.gov/WC/PDF/prompt09.pdf

Insurance coverage enforces the state's workers' compensation mandatory insurance coverage law through the investigation and assessment of appropriate penalties against employers that fail to comply with the law requiring workers' compensation insurance coverage. It provides research for both the public and internal claims management for pre- and post-1985 requests regarding insurance verification.

Data management maintains the workers' compensation electronic document system and processes requests for copies of workers' compensation files to authorized clientele.

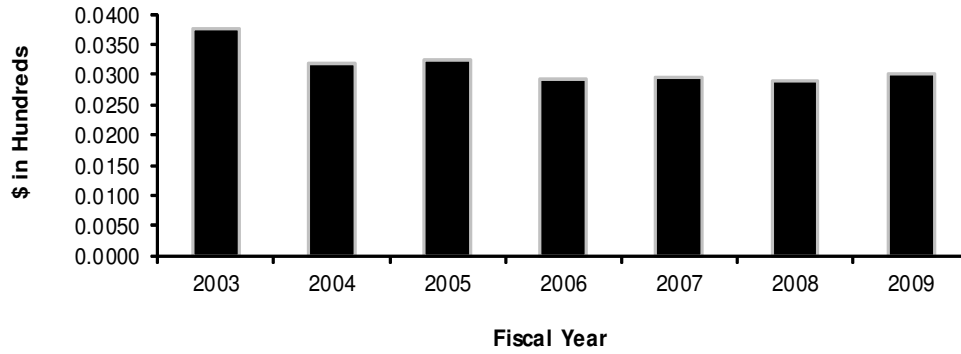
Vinland grant is administered and overseen, a \$200,000 grant funded through the Special Compensation Fund to provide vocational evaluation, assessment, job placement, and other services at the Vinland Center, for injured workers referred by the DLI Vocational Rehabilitation unit.

Key Activity Goals & Measures

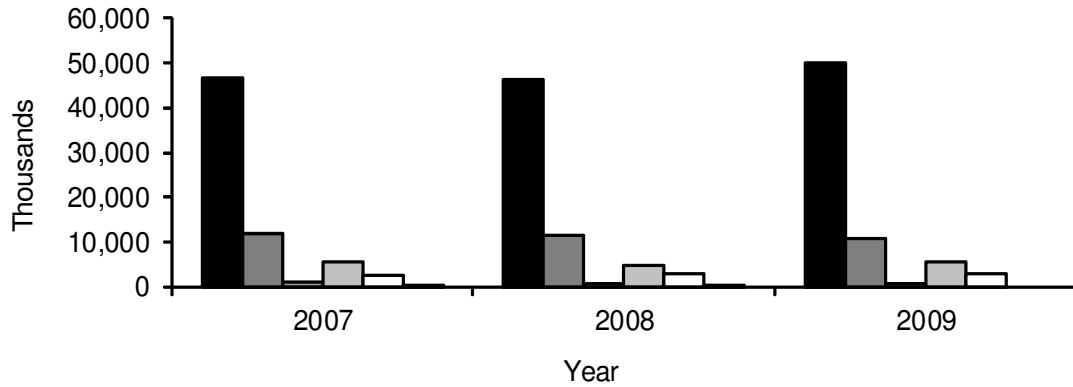
The Workers' Compensation Division focuses on the following goals:

- efficient management of benefit dollars with a goal of continued decreases in the assessment rate;
- maximization of the impact of statutory compliance enforcement;
- developing timely and effective benefit resolution by identifying opportunities where alternative dispute-resolution strategies will have the greatest impact;
- promoting an understanding of the workers' compensation system in Minnesota's workplaces;
- ensuring employers have appropriate workers' compensation insurance; and
- continuing reduction in administrative expenses per \$100 of payroll, yearly.

Workers' Compensation Administrative Expense per \$100 of Payroll, by Fiscal Year

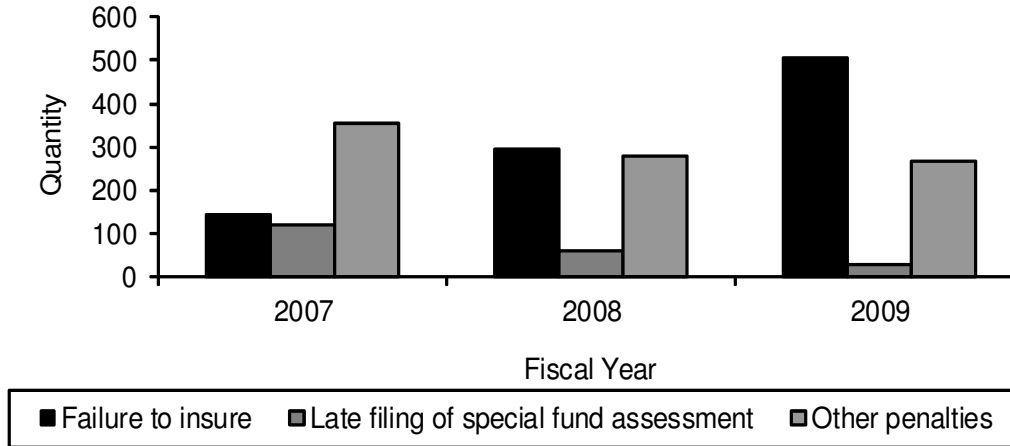


Benefits Paid

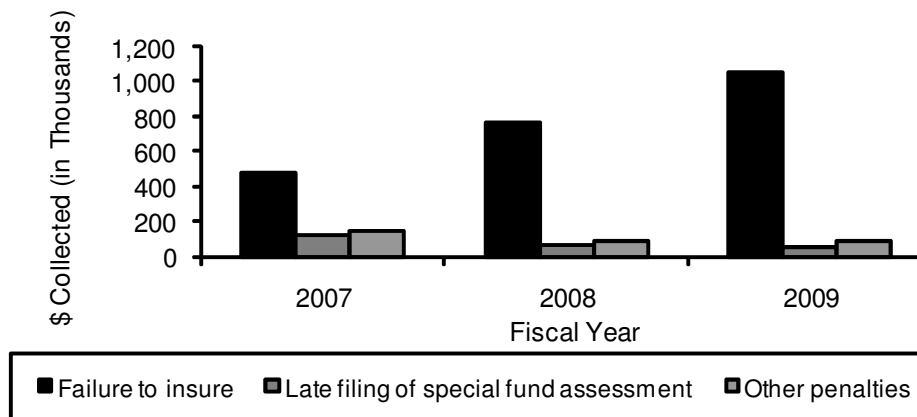


- | | |
|--------------------------|--------------------|
| ■ Supplementary benefits | ■ Second Injury |
| ■ Asbestos | ■ Uninsured |
| ■ Bankrupt Self Insured | ■ Temporary Orders |

Penalties Issued



Penalties Collected



Historical Perspective

The workers' compensation system continues to evolve since the major legislative changes in 1995. There has been a 34% decrease in workers' compensation claims, which equated to a 25% decrease in staffing levels. This, paired with the discontinuance of two major benefit programs and efficient claims administration, has allowed for the continued decrease in assessment rates employers pay on their workers' compensation insurance premiums, which fund the Special Compensation Fund.

Activity Funding

The Workers' Compensation Division is funded by an appropriation from the workers' compensation fund. Funding is collected from an insurer premium surcharge, self-insured assessment, recoveries from uninsured employers, fees for copy file review, and registration fees. Penalty dollars collected are deposited into the Assigned Risk Safety Account and are dedicated for workplace safety programs.

Contact

For more information, contact the Workers' Compensation Division by phone at (651) 284-5372 or toll-free at 1-800-DIAL-DLI (1-800-342-5354), via e-mail at dli.workcomp@state.mn.us or online at <http://www.dli.mn.gov>.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: WORKERS COMPENSATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	9,998	11,323	10,659	10,659	21,318
Open Appropriations					
Workers Compensation	70,346	70,467	70,467	70,467	140,934
Statutory Appropriations					
Miscellaneous Special Revenue	79	28	28	28	56
Workers Compensation	232	365	270	270	540
Total	80,655	82,183	81,424	81,424	162,848
<u>Expenditures by Category</u>					
Total Compensation	8,663	9,266	9,096	9,248	18,344
Other Operating Expenses	1,415	2,211	1,622	1,470	3,092
Payments To Individuals	70,377	70,506	70,506	70,506	141,012
Local Assistance	200	200	200	200	400
Total	80,655	82,183	81,424	81,424	162,848
Full-Time Equivalents (FTE)	121.2	124.3	121.3	121.3	

Activity at a Glance

- Jurisdiction of more than 2.6 million Minnesota workers and 168,000 private and public-sector employers
- Conducts 4,200 safety and health inspections and consultations annually
- Responds (within 24 hours) to an average of 20 fatalities each year
- Responds to an average of 500 complaints each year
- Provides annual outreach sessions impacting more than 20,000 employers and employees

Activity Description

More than 240 workers are injured at work each day in Minnesota. The Minnesota Occupational Safety and Health Administration (MNOSHA) is striving to eliminate workplace injuries, illnesses, and deaths, so all of Minnesota's workers can return home safely at the end of the workday. To support this vision, MNOSHA believes workplaces must be characterized by a genuine, shared commitment to workplace safety by employers and workers, with necessary training, resources, and support systems devoted to achieving this outcome. MNOSHA compliance and consultation activities are focused toward industries with the highest injury and illness rates. Additionally, MNOSHA provides a network of occupational safety and

health services to assist employers and employees to voluntarily comply with the Occupational Safety and Health Act. These services assist in education, identification, and elimination of safety and health hazards, and the implementation of effective workplace safety and health programs.

Population Served

Nearly all Minnesota workers and employers are served by MNOSHA compliance and consultation. With the exception of federal agencies and exclusive federal-jurisdiction properties, all public and private employers in Minnesota are covered under the MNOSHA program. MNOSHA compliance concentrates inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. MNOSHA consultation efforts focus on small- and medium-sized employers. The results of these combined efforts are demonstrated in the continued decline of Minnesota injury and illness rates.

Services Provided

Inspections and consultations: On average, MNOSHA compliance investigators conduct 2,500 inspections annually, 500 of these in response to employee complaints. Seventy percent of the inspections conducted result in violations. Approximately 75% of the violations issued are classified "serious." MNOSHA consultants conduct an average of 1,700 free and confidential on-site visits to aid employers in their compliance efforts, hazard recognition, and safety programs. MNOSHA investigates every workplace fatality that has an employer/employee relationship; on average, MNOSHA conducts 20 fatality inspections annually. Penalties are assessed in accordance with state law, including minimum penalties if the violation caused or contributed to the fatality. MNOSHA continues to create incentives for employers to address safety and health issues through strong, fair, and effective enforcement of safety and health regulations. MNOSHA focuses a major portion of its programmed (routine) inspections in emphasis industries identified to have the most impact in reducing injuries, illnesses, and fatalities.

Discrimination prevention: Employers are prohibited from discriminating against employees who exercise their rights under the MNOSHA Act. On average, the discrimination unit responds to 150 inquiries and allegations annually. Typically, five cases are found to have merit and are settled without litigation.

Exemption and recognition programs: The Minnesota STAR (MNSTAR) program and Minnesota Safety and Health Achievement Recognition Program (MNSHARP) are designed to recognize and promote effective, systematic safety and health management. A hallmark of both MNSTAR and MNSHARP is the principle that management, labor and OSHA work together in a spirit of cooperation and trust in pursuit of a safe and healthful workplace. MNSTAR and MNSHARP worksites have successfully designed, implemented, and continually improved their excellent safety and health management systems. Participants in MNSTAR and MNSHARP have injury and illness rates below the national average for their industry. MNSTAR and MNSHARP participants have reported workers' compensation claims savings of \$1.8 million and \$1.1 million, respectively.

Outreach and training: MNOSHA fulfills legislative intent by conducting and participating in workshops and safety conferences to educate employers and employees about workplace safety and health hazards, and the OSHA regulations addressing them. More than 20,000 employees and employers are impacted by more than 600

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: OSHA SAFETY AND CONSULTATION

Narrative

sessions annually. MNOSHA works closely with leading organizations in the field of workplace safety and health: the Minnesota Safety Council, the Midwest Center for Occupational Health and Safety, the Minnesota Health and Housing Alliance, the Associated General Contractors of Minnesota, Associated Builders and Contractors of Minnesota, and the American Society of Safety Engineers. In addition, MNOSHA conducts five Construction Breakfast seminars annually. The seminars provide a forum for members of the construction trades and their employers to discuss issues and experiences with the presenter, their peers, and MNOSHA investigators. A focus group consisting of representatives from the construction industry, insurance industry, safety directors, and safety consultants works with MNOSHA to select safety topics and presenters for each event. MNOSHA publishes *Safety Lines*, a quarterly newsletter that's online at www.dli.mn.gov/OSHA/SafetyLines.asp. Subjects covered in the past year included most frequently cited standards, fatality cases, winter driving, heat stress, fall protection, mobile shelving systems, recordkeeping and statistics, and frequently asked questions.

Homeland security: MNOSHA continued to participate on the State Emergency Response Committee addressing topics including H1N1 outbreaks and spring flooding in northwest Minnesota. Revisions to the Minnesota Emergency Operations Plan are submitted annually. Recent editions clarified the responsibilities of MNOSHA and DLI's Construction Codes and Licensing Division.

Stakeholder service: Every business day, MNOSHA has three safety and health professionals on duty to answer questions received primarily through phone calls and e-mail. MNOSHA responded to approximately 2,500 phone calls and 4,100 written requests for assistance last year. A majority of these inquiries are answered within one day. Most inquiries were received from employers, consultants, or other individuals requesting safety and health information. The information requested covers a wide variety of topics, which is why MNOSHA continues to use its professional staff to answer these calls. MNOSHA also provides a variety of safety and health information on its Web pages at www.dli.mn.gov, including printable handouts and information about its audio-visual library. MNOSHA also provides links to other Web sites where safety and health regulations and other information can be accessed.

LogSafe: This program provides safety training to Minnesota loggers. On average, 2,800 employees are trained annually.

Safety grants: The Safety Hazard Abatement Grant Program allows businesses to receive matching grants to reduce the risk of injury and illness to its workers. Approximately 200 grants are awarded annually.

Historical Perspective

In establishing OSHA, Congress specifically encouraged states to develop their own occupational safety and health programs to provide enforcement, research, and compliance assistance activities. The 1970 Occupational Safety and Health Act authorized states to administer a state-operated program for occupational safety and health, provided the programs are "at least as effective" as federal OSHA. Today, there are 27 states and territories that operate a state-plan program for workplace safety and health, and work together through the Occupational Safety and Health State Plan Association (OSHSPA). The MNOSHA program was established by the Minnesota Legislature in 1973, with final approval from federal OSHA in 1985.

As a state-plan state, Minnesota has been able to use a multidisciplinary approach to workplace safety and health to develop state-specific initiatives to enhance the protection of Minnesota workers. A few examples of these state specific initiatives include: A Workplace Accident and Injury Reduction (AWAIR) program (Minnesota Statutes 182.653 subd. 8; Minnesota Rules 5208.1500); Employee Right-to-Know (Minn. Rules Chapter 5206); employer-paid personal protective equipment (M.S. 182.655, subd. 10a); local emphasis programs – state-specific industry or activity targeting programs for compliance and consultation activities; 75/25 program – a penalty-reduction incentive program. MNOSHA has also developed rules about safety committees, recordkeeping, confined spaces in construction, lockout devices in construction, permissible exposure limits, process safety management, and powered industrial trucks.

Key Activity Goals & Measures

MNOSHA's mission is to improve workplace safety and health by:

- reducing hazards through compliance and consultation inspections;
- reducing the rate of workplace fatalities, injuries, and illnesses across the state of Minnesota;

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: OSHA SAFETY AND CONSULTATION

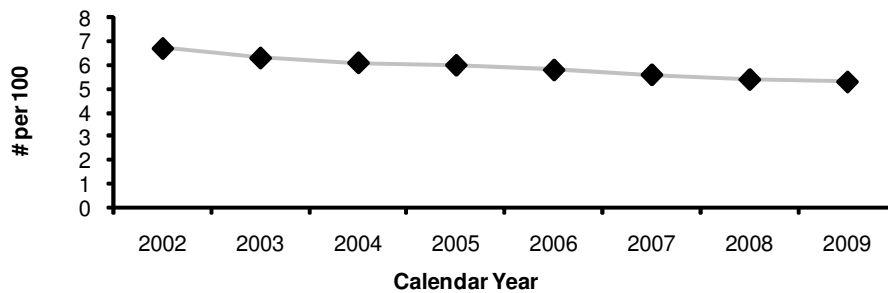
Narrative

- promoting safety and health through inspections, assistance, outreach, and cooperative programs; and
- strengthening effectiveness and efficiency by showing a reduction in injury and illness rates, continuing to increase public confidence.

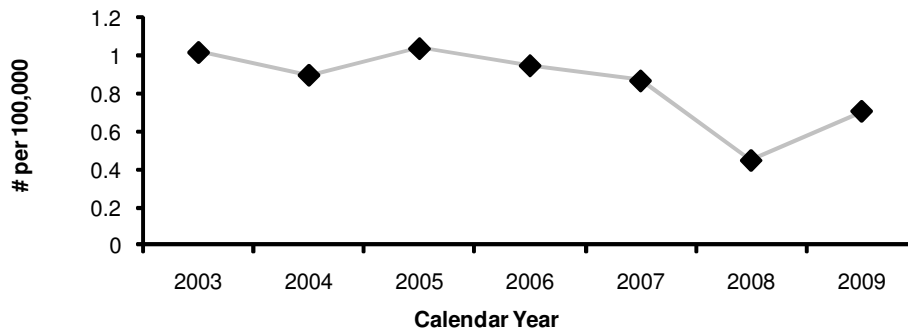
The MNOSHA strategic plan can be found at www.dli.mn.gov/OSHA/PDF/09-13mnoshaplan.pdf; MNOSHA's accountability measures can be found at www.accountability.state.mn.us/Departments/LaborIndustry/Goals.htm.

The quantity of inspections conducted and the constituents provided with training are critical to the reduction in workplace injuries, illnesses, and fatalities.

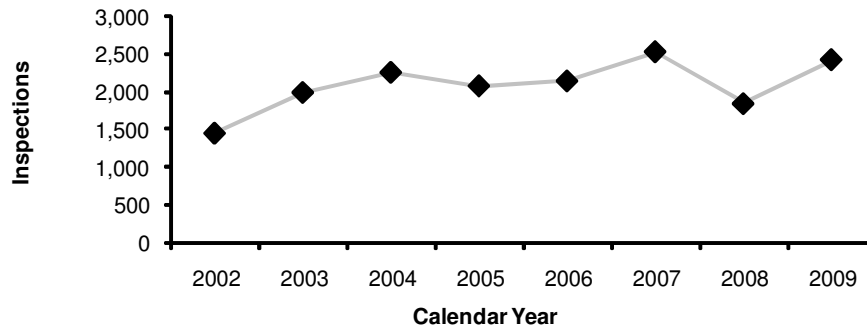
Workers' Compensation Injuries and Illnesses per 100 Employees, by Year of Injury



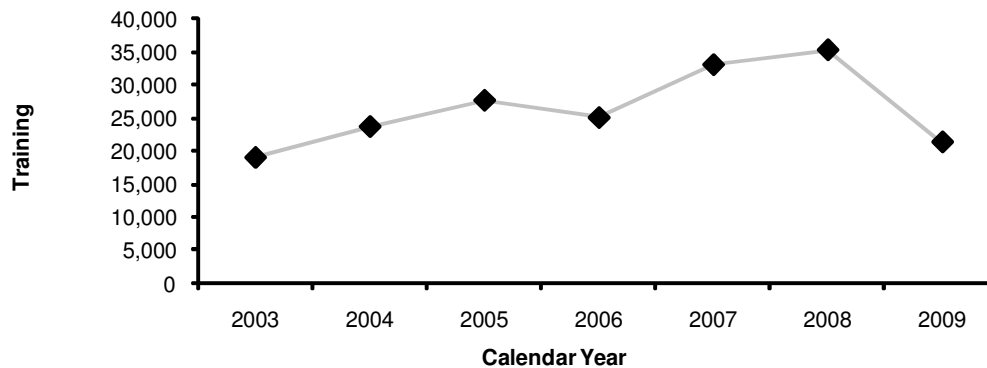
Workplace Fatalities per 100,000 Jobs, by Calendar Year



Number of Programmed OSHA Compliance Inspections



Number of Individuals Receiving OSHA Training, by Calendar Year



Activity Funding

Congress established a 50% funding level for states that operate their own OSHA program. There is a 90% federal funding level for states that operate their own consultation program. MNOSHA is financed by a federal grant that is matched with an appropriation from the workers' compensation fund. The Loggers' Safety Education program within consultation is funded by an assessment paid by wood mills. The activity generates non-dedicated revenue for the workers' compensation fund through penalties assessed on employers that are not in compliance with MNOSHA standards.

Contact

For more information about compliance, contact MNOSHA Compliance by phone at (651) 284-5050 or toll-free at 1-877-470-OSHA (1-877-470-6742), via e-mail at osha.compliance@state.mn.us or online at www.dli.mn.gov.

For more information about consultation, contact MNOSHA Workplace Safety Consultation by phone at (651) 284-5060 or toll-free at 1-800-DIAL-DLI (1-800-342-5354), via e-mail at osha.consultation@state.mn.us or online at www.dli.mn.gov.

LABOR AND INDUSTRY DEPT

Program: WORKERS COMPENSATION DIVISION

Activity: OSHA SAFETY AND CONSULTATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	4,170	4,173	4,173	4,173	8,346
Statutory Appropriations					
Miscellaneous Special Revenue	3	3	3	3	6
Federal	5,041	5,105	5,096	5,096	10,192
Federal Stimulus	24	142	0	0	0
Workers Compensation	2,854	2,664	2,664	2,664	5,328
Total	12,092	12,087	11,936	11,936	23,872
<u>Expenditures by Category</u>					
Total Compensation	7,442	7,996	7,889	7,889	15,778
Other Operating Expenses	2,859	2,373	2,329	2,329	4,658
Local Assistance	1,791	1,718	1,718	1,718	3,436
Total	12,092	12,087	11,936	11,936	23,872
Full-Time Equivalents (FTE)	98.4	101.9	101.9	101.9	

Program at a Glance

- Adopts 28 sets of rules that establish the minimum construction safety standards for the industry in Minnesota
- Reviews building plans on \$532 million worth of construction for code compliance each year
- Provides more than 450,000 code compliance inspections on about 200,000 construction projects annually
- Evaluates and issues 110,000 licenses to individuals and businesses in the construction industry, biannually

Program Description

The primary mission of the Construction Codes and Licensing Division (CCLD) is to promote safe, healthy, durable, and energy efficient living, working, and entertainment environments in Minnesota by establishing construction code standards, maintaining consistent administration of construction codes and licensing construction and code professionals. CCLD oversees and administers plan review, permitting, professional licensing, inspections, education, and enforcement activities for all facets of the building construction industry. The program responsibility also includes amusement ride regulation, building damage assessment after natural disasters, and inspection of boats for hire.

Population Served

The division serves the citizens of Minnesota and construction industry stakeholders, such as contractors, design professionals, organized labor, building owners, building managers, and municipal officials.

Services Provided

CCLD provides the following services:

- **Licensing** administers, issues, and renews 52 types of construction licenses in eight occupational disciplines and provides exemption certificates to independent contractors in the construction industry. The division administers more than 10,000 examinations yearly and tracks fulfillment of continuing education requirements by the appropriate licensees.
- **Enforcement** investigates complaints regarding people licensed by the agency or matters subject to the agency's authority. The division works to resolve complaints and takes disciplinary action against both licensees and unlicensed individuals when violations are proven. The division investigates and monitors proper code enforcement at the local level.
- **The recovery fund** administers the residential contractor recovery fund. This account is funded by a surcharge on licenses for residential contractors and can be accessed to reimburse homeowners who have been harmed by the actions of licensed residential contractors where other means of reimbursement have failed.
- **Inspection** inspects boilers, pressure vessels, high-pressure piping, plumbing systems, electrical systems, elevators, amusement facilities, building components, and state-owned or licensed facilities and schools. Inspections are performed through a permit process to assure safe design, operation, and installation of equipment and piping.
- **Plan review** reviews construction documents for state-owned or licensed facilities, schools, and plumbing systems to ensure compliance of minimum safety standards.
- **Manufactured structures** regulates manufactured housing (mobile homes) and prefabricated commercial and residential structures, and performs plant and dealer lot inspections. The division is the state administrative authority for the federal Department of Housing and Urban Development (HUD).
- **Code development** adopts recognized national codes and standards, and amends specific sections to address industry, legislative, and geographic requirements. The division assists municipalities in code adoption, interpretation, enforcement, and training needs. The division uses stakeholder advisory committees to assist in updating the codes.
- **Training and education** delivers training and educational seminars across the state for stakeholders in the construction industry. The division has responsibility for instructor and program approval when continuing education credit is required for a license category.
- **Boards** provide funding and administrative support to three authoritative industry boards that have authority to adopt rules regulating the plumbing, electrical, and high-pressure-piping industries.
- **Amusement rides** verifies annual inspections of more than 600 amusement rides and inspects more than 400 carnivals and fairs.
- **Natural disaster assistance** conducts damaged building safety evaluations in communities that have undergone a natural wind or flood event, upon request from a local jurisdiction.

Historical Perspective

CCLD is the result of a 2005 five-executive-agency consolidation of construction-related codes and licensing activities to provide a one-stop shop for the construction industry in Minnesota. The goals of the consolidation were to improve the effectiveness of state services in the regulation of businesses and individuals through the reduction of duplication and improved coordination in permitting, building plan review, construction inspections, code development, industry education, enforcement, and licensing processes across the entire construction industry. Early post-consolidation efforts involved the elimination of many redundancies by aligning similar functional activities through organizational restructuring and the implementation of a uniform dedicated fee for service funding structure to support all program activities. More recent efforts involve the implementation of integrative automated systems and the complete statutory restructuring of licensing fees and processes to be effective Jan. 1, 2012. These efforts are intended to provide greater transparency, accountability, and service efficiency to regulated entities and citizens. Improved program service capabilities are evolving during a period of severe economic stress in the construction industry.

Current economic conditions have resulted in funding reductions because CCLD relies on dedicate fees from construction activity. Accordingly, CCLD has reprioritized and downsized its program activities. CCLD has focused diminishing resources on critical inspection, plan review, code enforcement, licensing activities, and efficiency improvements to assure citizen safety and continued quality construction in Minnesota while absorbing reductions through program cutbacks and layoffs.

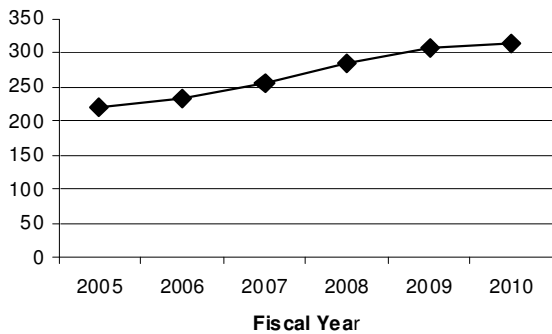
Key Program Goals & Measures

CCLD's mission is to:

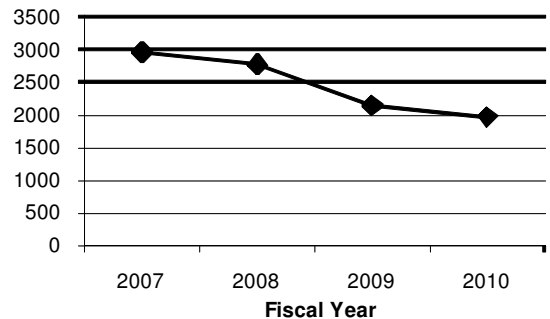
- ensure, through a quality licensure program, that individuals and businesses performing construction and critical building maintenance activities in Minnesota are qualified to deliver high compliance with laws, codes, and standards for occupant health and safety, energy efficiency, and cost effectiveness;
- respond to and resolve formal complaints against the regulated construction industry and licensed individuals to assure construction codes standards are followed and violators are effectively dealt with according to law;
- provide comprehensive plan reviews in a timely basis so buildings and their subsystems are designed to comply with applicable safety codes while contributing to cost-effective construction schedules;
- provide timely inspection of installations to enable related construction and operation to proceed on schedule; and
- provide training to the regulated construction industries to keep them abreast of adopted standards and improve uniformity of compliance and enforcement.

The charts below show the number of plans reviewed.

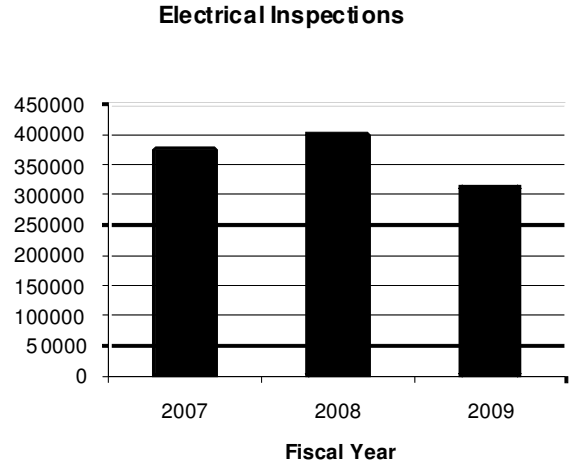
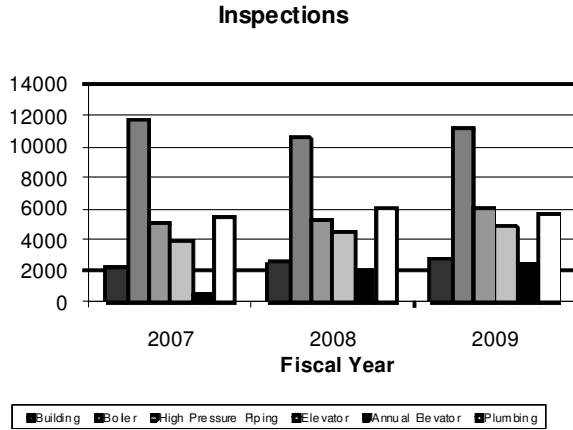
Building Plans Reviewed



Plumbing Plans Reviewed



The charts below show the number of inspections made. The annual elevator inspection program began in 2007. Electrical inspections are performed under professional technical contracts and not by state employees. Although the number of inspections vary, the administrative/support work by state employees remains more constant.



Boiler inspections are primarily performed on existing objects and are impacted more by the general economy than by construction economy trends.

Program Funding

CCLD is funded through a special revenue fund and operates on a fee-for-service model. Fees are collected from the industry stakeholders and deposited in the Construction Code Fund established in the state treasury. Fees collected are used to fund the direct services provided.

Contact

For more information, contact CCLD by phone at (651) 284-5012 or 1-800-DIAL-DLI (1-800-342-5354), via e-mail at dli.communications@state.mn.us or online at www.dli.mn.gov.

LABOR AND INDUSTRY DEPT

Program: CONSTRUCTION CODES & SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
State Government Spec Revenue	22,603	23,257	24,929	25,173	50,102
Miscellaneous Special Revenue	3,093	3,239	3,531	3,531	7,062
Workers Compensation	317	213	0	0	0
Total	26,013	26,709	28,460	28,704	57,164
<u>Expenditures by Category</u>					
Total Compensation	10,923	11,250	12,398	12,643	25,041
Other Operating Expenses	15,027	15,459	16,062	16,061	32,123
Local Assistance	63	0	0	0	0
Total	26,013	26,709	28,460	28,704	57,164
<u>Expenditures by Activity</u>					
Construction Codes & Services	26,013	26,709	28,460	28,704	57,164
Total	26,013	26,709	28,460	28,704	57,164
Full-Time Equivalent (FTE)	129.9	127.1	139.9	139.4	

Program at a Glance

- Provides support to approximately 460 agency employees located statewide
- Administers \$134 million budget (FY 2010)
- Facilitates nearly 5.3 million Web hits (CY 2009)
- Maintains workplace injury survey response rate of 100%
- Responds to 120 requests for statistical data annually
- Represents DLI programs in more than 480 legal cases annually

Program Description

The General Support Division supports internal customers in the following management areas

- policy development, research and statistics;
- information technology;
- legal advice and litigation;
- financial management;
- communications; and
- human resources.

Population Served

This division serves agency programs that focus on the needs of workers, builders, building owners, and employers in Minnesota.

Services Provided

The **Policy Development, Research and Statistics** unit collects, analyzes, and reports workplace safety, workers' compensation, and workplace standards data. To assist in creating safer workplaces, it surveys employers to estimate work-related injury and illness rates. The unit annually produces three major statistical reports and conducts performance measurement, customer satisfaction surveys, and policy research.

The **Information Technology Services** unit provides technology to support agency operations. With the security of department data a priority, work includes hardware and software support of the agency's major applications and the equipment used by employees. The unit works cooperatively with the Office of Enterprise Technology and other state agencies to accomplish technological efficiencies.

The **Office of General Counsel** provides legal services primarily to the Commissioner's Office and other agency staff members to ensure: decision-making is legally informed; information the agency disseminates is legally accurate; proposed rules and legislation comply with the law, are clearly drafted, and are reasonable; the agency's investigations are conducted in accordance with applicable law; the agency's enforcement actions are resolved effectively, whether by settlement or litigation; and the workers' compensation fund's liabilities for second-injury, supplementary benefits, and uninsured claims are appropriately defended. The *Office of General Counsel* also provides legal advice to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems.

The **Financial Services** unit provides financial management services, including budgeting, accounts payable, accounts receivable, cashier, payroll, purchasing, and financial reporting. Fee reviews are conducted to ensure proper collection of revenues and expenditures. The unit also collects the annual assessment and pays all benefits for the workers' compensation fund.

The **Communications** unit manages the agency's communications program, including all internal and external publications, media relations, and Internet/intranet pages.

The **Human Resources** unit manages the following functions to ensure a productive and inclusive workforce and work environment exists: workforce and strategic planning; organizational development consultation; performance management; labor relations; contract administration and negotiation; employee development, recruitment and staffing; job evaluation and classification; compensation; benefits administration; employee safety and health; workers' compensation; and equal employment and affirmative action.

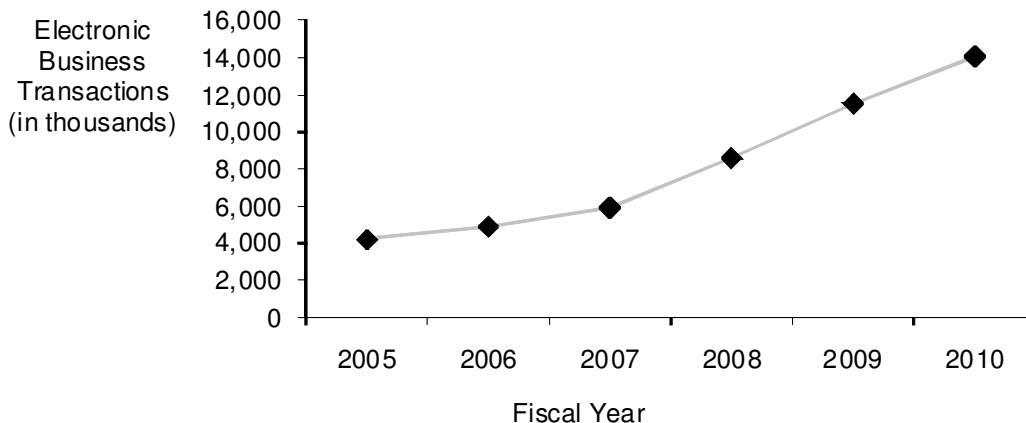
Key Program Goals & Measures

The General Support Division provides leadership and support to agency programs so they can be successful. Activities are customized to meet the unique needs of each activity while assuring adherence to statewide and agency standards for performance, management, and documentation of decisions made. Critical goals are to

- develop and adhere to operating policies and services that meet or exceed statewide standards and policies;

- create and offer utility services within the agency to meet particular program goals as efficiently as possible while adhering to accepted audit standards;
- manage agency resources in as transparent a manner as possible to assure stakeholders our stewardship of their investments is sound; and
- create opportunities for electronic government transactions to assure existing resources can meet the unique needs of citizens.

Expanding Electronic Business Transactions



Program Funding

The General Support Division is financed by an appropriation from the workers' compensation fund and indirect cost revenue recovered from the agency's other programs. The program also administers two federal research grants from the Bureau of Labor Statistics.

Contact

For more information, contact DLI Communications by phone at (651) 284-5313 or 1-800-DIAL-DLI (1-800-342-5354), via e-mail at dli.communications@state.mn.us or online at <http://www.dli.mn.gov>.

LABOR AND INDUSTRY DEPT

Program: GENERAL SUPPORT DIVISION

Program Summary

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<u>Direct Appropriations by Fund</u>					
Workers Compensation					
Current Appropriation	5,981	5,981	5,981	5,981	11,962
Technical Adjustments					
Approved Transfer Between Appr			58	58	116
Subtotal - Forecast Base	5,981	5,981	6,039	6,039	12,078
Total	5,981	5,981	6,039	6,039	12,078
<u>Expenditures by Fund</u>					
Direct Appropriations					
Workers Compensation	5,473	6,605	6,039	6,039	12,078
Open Appropriations					
Workers Compensation	186	256	256	256	512
Statutory Appropriations					
Miscellaneous Special Revenue	2,797	2,919	2,919	2,919	5,838
Federal	143	154	152	152	304
Total	8,599	9,934	9,366	9,366	18,732
<u>Expenditures by Category</u>					
Total Compensation	6,992	7,383	7,383	7,383	14,766
Other Operating Expenses	1,607	2,551	1,983	1,983	3,966
Total	8,599	9,934	9,366	9,366	18,732
<u>Expenditures by Activity</u>					
General Support Division	8,599	9,934	9,366	9,366	18,732
Total	8,599	9,934	9,366	9,366	18,732
Full-Time Equivalent (FTE)	80.0	80.5	79.5	79.5	

Program at a Glance

FY 2009

- Investigated 487 cases of labor law compliance and processed 1,106 wage claims
- Responded to 24,177 calls and e-mail messages
- Registered 11 new and monitored 300 current sponsors of apprenticeship training
- Managed 7,219 apprentices in training, including 1,130 women and people of color
- Worked with 95 approved veterans receiving GI benefits

Program Description

The Labor Standards and Apprenticeship unit administers and enforces Minnesota laws affecting employee wages, child labor, prevailing wage, and fee employment agencies. The unit promotes, develops, approves, and monitors registered apprenticeship training programs in Minnesota workplaces. This unit provides education and outreach activities to the population served. The unit ensures employers pay employees for all hours worked, ensures accurate and timely prevailing-wage rates are set for state-funded construction projects, and ensures fee employment agencies comply with the laws governing them. It also conducts yearly technical assistance visits to training sites to make certain that apprenticeship programs are meeting agreed-upon training standards while producing a highly

skilled workforce. The authority for these activities comes from Minnesota Statutes Chapter 177 (Minnesota Fair Labor Standards Act), M.S. Chapter 181 (Employment), M.S. Chapter 181A (Child Labor Standards Act), M.S. Chapter 184 (Employment Agency), and M.S. Chapter 178 (Apprentice Training).

Population Served

This unit serves Minnesota employees and employers, labor organizations, schools, state agencies, and local units of government preparing clients for entry in employment. The unit also assists community-based organizations receiving Labor Education Advancement Program (LEAP) grants to promote apprenticeship opportunities to women and people of color.

Services Provided

The primary activities of the unit are enforcement, education, licensing, and surveying for wage data.

- Enforcement methods include investigation, mediation, on-site inspection, and issuance of penalties and fines.
- Education methods include interpreting statutes and rules; providing brochures and posters to employers and employees; and participating in speaking engagements and outreach activities to employee and employer organizations, schools, and other state agencies. Telephone calls, correspondence, and e-mail to the unit can result in either an enforcement action or an educational opportunity.
- Employment agencies complete a process for licensing.
- Three surveys are conducted to set prevailing-wage rates.
- The unit also provides consultative services to all employers interested in developing and maintaining apprenticeship training standards in Minnesota. The unit provides technical assistance to registered apprentices, assists apprentices in maintaining the agreed upon condition of their employment throughout the training program, and promotes the concept of apprentice training to all employers wishing to use the apprenticeship model to train current and future employees.

Key Program Goals & Measures

The unit goals are to ensure workplaces operate within the requirements of Minnesota labor laws and apprenticeship training grows as an effective work-to-learn strategy.

The four key performance measures in the Labor Standards and Apprenticeship program are:

- 1) the number of complaints investigated (prevailing wage, minimum wage, overtime, child labor);
- 2) the number of wage claims processed;
- 3) the number of customer contacts; and
- 4) the number of apprentices in training and apprenticeship completions.

LABOR AND INDUSTRY DEPT

Program: LABOR STANDARDS & APPRENTICESP

Narrative

1. To ensure the timely and accurate payment of wages for all hours worked by employees in Minnesota, the unit investigates complaints in accordance with the Minnesota Fair Labor Standards Act (M.S. Chapter 177). It also ensures the safety and well being of employed minors; the unit investigates complaints and issues penalty violations in accordance with the Minnesota Child Labor Standards Act (M.S. Chapter 181A).

Key measure (1)	FY 2006	FY 2007	FY 2008	FY 2009
Cases opened	236	343	463	456
Cases closed	215	331	466	487

2. The unit ensures timely payment of wage claims (final paycheck disputes) in accordance with M.S. Chapter 181.

Key measure (2)	FY 2006	FY 2007	FY 2008	FY 2009
Wage claims opened	142	728	1,097	1,110
Wage claims closed	132	647	1,090	1,106

3. To ensure employers and employees know and understand their responsibilities and the rights of employees in the workplace, the unit responds to telephone calls, e-mail messages, and correspondence, and conducts education and outreach activities.

Key measure (3)	FY 2006	FY 2007	FY 2008	FY 2009
Telephone calls and e-mail messages	24,725	26,445	26,292	24,177
Education and outreach activities (presentations, etc.)	121	112	102	80
Distribution of all (including translated) informational materials	53,000	60,260	69,562	59,102

4. The unit ensures participants in registered apprenticeship programs are provided the technical support in maintaining the apprenticeship agreement to maximize the opportunity for completion of the apprenticeship-training program.

Key measure (4)	FY 2006	FY 2007	FY 2008	FY 2009
Total apprentices in training	8,359	9,103	9,429	7,219
Total apprenticeship completions	1,343	1,517	1,326	1,163

Program Funding

The Labor Standards activity is financed by an appropriation from the general fund. The activity collects revenue from:

- the licensing of fee employment agencies; and
- fines assessed for violations of the Child Labor Act and Minnesota Fair Labor Standard Act.

The activity also collects back-wages owed to employees by employers. These funds are remitted to the employees.

The Apprenticeship activity is funded from an appropriation from the workforce development fund.

Contact

For more information, contact Labor Standards and Apprenticeship by phone at (651) 284-5005 or 1-800-DIAL-DLI (1-800-342-5354), by e-mail at dli.laborstandards@state.mn.us or online at <http://www.dli.mn.gov>.

LABOR AND INDUSTRY DEPT

Program: LABOR STANDARDS & APPRENTICESP

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	860	860	860	860	1,720
Subtotal - Forecast Base	860	860	860	860	1,720
Governor's Recommendations					
Operating Budget Reduction		0	(43)	(43)	(86)
Total	860	860	817	817	1,634
Workforce Development					
Current Appropriation	1,029	1,029	1,029	1,029	2,058
Subtotal - Forecast Base	1,029	1,029	1,029	1,029	2,058
Total	1,029	1,029	1,029	1,029	2,058
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	761	959	817	817	1,634
Workforce Development	875	1,183	1,029	1,029	2,058
Statutory Appropriations					
Federal	10	98	97	97	194
Miscellaneous Agency	115	16	15	15	30
Total	1,761	2,256	1,958	1,958	3,916
<u>Expenditures by Category</u>					
Total Compensation	1,158	1,387	1,343	1,343	2,686
Other Operating Expenses	493	769	515	515	1,030
Local Assistance	110	100	100	100	200
Total	1,761	2,256	1,958	1,958	3,916
<u>Expenditures by Activity</u>					
Labor Standards & Apprenticesp	1,761	2,256	1,958	1,958	3,916
Total	1,761	2,256	1,958	1,958	3,916
Full-Time Equivalents (FTE)	16.6	16.6	15.1	15.1	

Federal Funds Summary

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
OSHA Compliance	No	Yes		\$4,072	\$4,132	\$4,123	\$4,123
OSHA Consultation	No	Yes		969	973	973	973
Bureau of Labor Statistics	No	Yes		109	110	110	110
OSHA Survey	No	No		34	44	42	42
Total				\$5,184	\$5,259	\$5,248	\$5,248

Purpose of Federal Funds

The Occupational Safety and Health Administration (OSHA) Compliance and OSHA Consultation grants are essential to continue the downward trend in occupational fatalities, injuries, and illnesses, and thereby reduce the suffering of workers and families and contain workers' compensation costs. MNOSHA compliance concentrates inspection efforts on high-hazard industries, companies with high workers' compensation injury rates, and employee complaints. MNOSHA consultation efforts focus on small- and medium-sized employers.

The Bureau of Labor Statistics and OSHA Survey grants provide the funding necessary to conduct surveys to collect, analyze, and report data on workplace injuries.

Federal funding contributes to 4% of the agencies expenditures. Federal funds received through the OSHA Compliance and Bureau of Labor Statistics programs require matching state funds of 50%. The OSHA Consultation program requires matching state funds of 10%. The required state match is provided by the Workers' Compensation fund. The OSHA Survey program is 100% federally funded.

LABOR AND INDUSTRY DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<i>Non Dedicated Revenue:</i>					
Departmental Earnings:					
General	4	2	2	2	4
Workers Compensation	633	576	576	576	1,152
Other Revenues:					
General	14,019	27	27	27	54
State Government Spec Revenue	1	0	0	0	0
Workers Compensation	94,570	95,857	95,857	95,857	191,714
Total Non-Dedicated Receipts	109,227	96,462	96,462	96,462	192,924
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
State Government Spec Revenue	24,187	24,521	25,754	25,917	51,671
Miscellaneous Special Revenue	3,443	3,300	3,510	3,510	7,020
Workers Compensation	3,537	3,084	3,084	3,084	6,168
Grants:					
Federal	5,167	5,345	5,345	5,345	10,690
Federal Stimulus	24	142	0	0	0
Other Revenues:					
State Government Spec Revenue	89	96	686	686	1,372
Miscellaneous Special Revenue	2,198	2,977	2,977	2,979	5,956
Workers Compensation	34	50	50	50	100
Miscellaneous Agency	114	10	15	15	30
Total Dedicated Receipts	38,793	39,525	41,421	41,586	83,007
Agency Total Revenue	148,020	135,987	137,883	138,048	275,931

	PAGE
Agency Profile.....	2
Agency Fiscal Page (Gov Rec)	5
Agency Revenue Summary Fiscal Page	6

Agency Purpose

The Minnesota Supreme Court exercising its inherent constitutional authority regulates the practice of law in Minnesota.

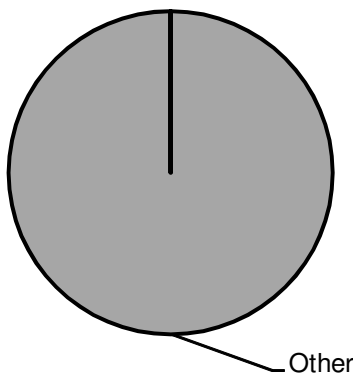
The Supreme Court exercises its regulatory authority so that within the state the public is well served by admitting to practice persons possessing competence and good character who, as licensed lawyers, continuously revitalize their knowledge of the law by attending continuing legal education programs, by appropriately disciplining after careful investigation those who have been found to have violated the Minnesota Rules of Professional Conduct, and by reimbursing clients under specified circumstances who have lost funds because of lawyer misfeasance. The court has implemented a statewide lawyer assistance program to direct lawyers to appropriate and necessary counseling.

At a Glance

Business Functions:

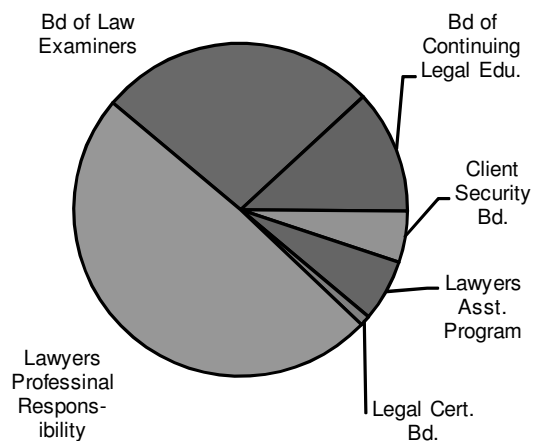
- The Board of Law Examiners receives approximately 1,300 applications for admission to the Minnesota Bar annually, and recommends for admission those persons who present good character and legal competence (either by achieving a passing score on the Minnesota Bar Examination or by proving a sufficient number of years of practice in another jurisdiction).
- The Board of Continuing Legal Education accredits more than 11,000 legal education courses annually and monitors approximately 26,000 active status Minnesota-licensed lawyers' completion of required continuing legal education.
- The Board of Legal Certification accredits legal organizations and authorizes the organizations to certify qualifying lawyers as specialists in defined specialty fields of law.
- The Office of Lawyers Professional Responsibility investigates and prosecutes ethics complaints against Minnesota lawyers warranting professional discipline.
- The Client Security Board administers a fund to reimburse clients who suffer loss of money or other property from the dishonest conduct of their attorney.

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Accounting and Procurement System (MAPS) as of 08/26/10

Est. FY 2010-11 Expenditures by Board or Program



Source: Minnesota Accounting and Procurement System (MAPS) as of 08/26/10

Strategies

The Supreme Court has established regulatory boards to assist in key areas of the regulation of the practices of law.

- The Board of Continuing Legal Education certifies more than 11,000 programs annually in a wide variety of legal subjects to promote professional growth for the state's 26,000 attorneys and monitors each attorney's compliance with continuing legal education regulations.
- The Office of Lawyers Professional Responsibility, working in conjunction with district ethics committees throughout the state, investigates complaints of unprofessional conduct against lawyers, and recommends discipline where appropriate.
- The Legal Certification Board certifies agencies, which certify lawyers having specified experience and training as specialists.
- The Client Security Board reviews claims from clients who have experienced monetary loss because of attorney dishonesty and, where the claim meets criteria established by the board, reimburses the client for the loss up to \$150,000.
- The Board of Law Examiners establishes the good character and legal competence of applicants for admission to the practice of law in Minnesota by conducting a background investigation of each applicant to the bar and by administering the Minnesota bar examination. Each year, the Board continues to monitor a few lawyers who are admitted subject to a written agreement authorizing the Board to monitor their continued recovery, usually from substance abuse problems.
- The Lawyer Assistance Program directs lawyers who are suffering from chemical and substance abuse or emotional distress to appropriate treatment.

Operations

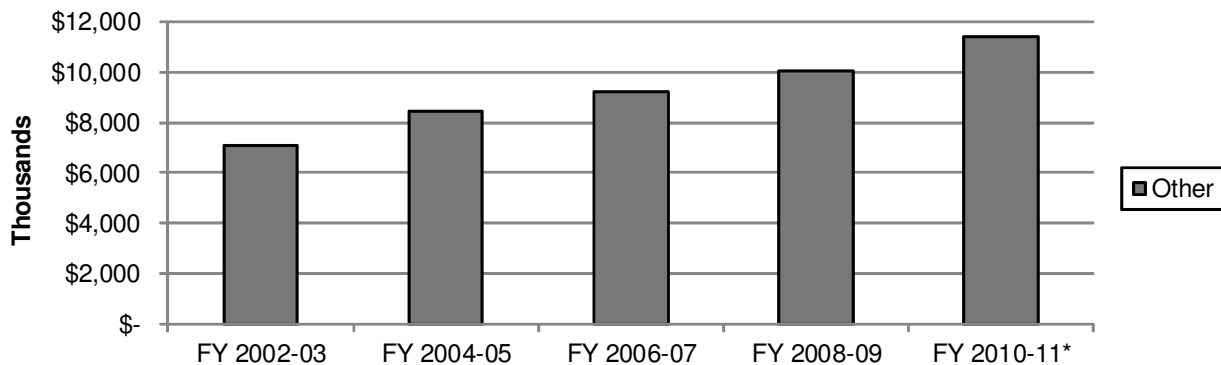
The boards, consisting of lawyers and lay members, are appointed by the Supreme Court to carry out the functions identified above within the rules for each board promulgated by the Supreme Court. Each board is authorized to hire staff. The Client Security Board contracts with the Office of Lawyers Professional Responsibility for legal services to examine claims and pursue subrogation claims. The Board of Law Examiners, Continuing Legal Education, and Legal Certification have a single director and share staff.

Budget Trends

Dedicated revenue fully funds the activities of the boards. No General Fund monies support the operations of these boards. The Supreme Court assesses each lawyer admitted to practice law in Minnesota an annual registration fee which funds these activities. The registration fee is authorized by statute and held in trust for the regulation of the bar. The registration fee revenue is divided among each of the boards (with the exception of the Legal Certification Board which is funded entirely by user fees) as determined by Court's Rules for Registration of Lawyers, after public hearing. The Board of Law Examiners assesses a bar application fee to each applicant for admission to the bar. The Board of Continuing Legal Education assesses course application fees and various administrative fees. The fees for those boards are included in the Department Earnings Report.

The boards have 39.0 full-time equivalent employees.

Total Expenditures by Fund



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/26/10.

Significant external factors impacting the boards operations include:

1. The Board of Law Examiners is impacted by the following: the number of law students entering and graduating from American Bar Association (ABA)-accredited law schools, which has remained strong despite the economic downturn; the number of ABA-accredited law schools, which has increased in the past 10 years; and the number of lawyers licensed in other states seeking admission in Minnesota (which make up a small part of the overall applicant pool) but has decreased by 20% in the past three years.
2. The Board of Continuing Legal Education is impacted by the fact that the numbers of licensed lawyers in Minnesota continues to increase annually by a net of approximately 350 to 400 lawyers and now totals approximately 26,000 actively practicing lawyers. The number of course accreditation applications has increased in every year since the Board's inception in 1975, and increased by approximately 2% in 2009. The Board anticipates that in the future, the number of programs for which accreditation is sought will either remain flat or increase slightly.
3. The Board of Legal Certification has increased the number of accredited agencies that certify lawyers as specialists. The total number of lawyers certified as specialists has not increased significantly in recent years, but that number may increase somewhat now that there are two new agencies.
4. The Office of Lawyer Professional Responsibility has experienced an increase in translation costs over the past several years. Trusteeship appointments are on the rise as more lawyers abandon their practices, placing a burden on staff and budget. Poor economic conditions have resulted in increased attorney misconduct.

Contact

Minnesota Supreme Court
Minnesota Judicial Center
25 Reverend Doctor Martin
Luther King Jr. Boulevard
Saint Paul, Minnesota 55155

Sue Dosal
State Court Administrator
135 Minnesota Judicial Center
25 Reverend Doctor Martin
Luther King Jr. Boulevard
Saint Paul, Minnesota 55155
Phone: (651) 296-2474
Fax: (651) 297-5636

Home page: <http://www.mncourts.gov/>

LEGAL PROFESSIONS BOARDS

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	5,277	6,047	6,614	6,761	13,375
Total	5,277	6,047	6,614	6,761	13,375
<u>Expenditures by Category</u>					
Total Compensation	3,191	3,315	4,283	4,352	8,635
Other Operating Expenses	1,755	2,333	1,932	2,010	3,942
Local Assistance	331	399	399	399	798
Total	5,277	6,047	6,614	6,761	13,375
<u>Expenditures by Program</u>					
Lawyers Board	5,277	6,047	6,614	6,761	13,375
Total	5,277	6,047	6,614	6,761	13,375
Full-Time Equivalents (FTE)	39.7	39.7	39.7	39.7	

LEGAL PROFESSIONS BOARDS

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Departmental Earnings:					
Miscellaneous Special Revenue	5,540	5,268	5,268	5,268	10,536
Other Revenues:					
Miscellaneous Special Revenue	86	154	154	154	308
Other Sources:					
Miscellaneous Special Revenue	22	907	907	907	1,814
Total Dedicated Receipts	5,648	6,329	6,329	6,329	12,658
Agency Total Revenue	5,648	6,329	6,329	6,329	12,658

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	7
Change Summary	9
Agency Change Items	
⇒ Operating Budget Reductions.....	10
Programs	
House Of Representatives	
Program Summary	11
Senate	
Program Summary	12
Legislative Coordinating Cmsn	
Program Summary	13
Legislative Audit Comm	
Program Summary	15
Legis MN Resources Comm	
Program Summary	16
Agency Revenue Summary Fiscal Page	17

Legislative Citizen Commission on Minnesota Resources: FY 2012-13 Environmental and Natural Resources Trust Fund Recommendations	18
Lessard-Sams Outdoor Heritage Council: FY 2012-13 Outdoor Heritage Fund Recommendations	31

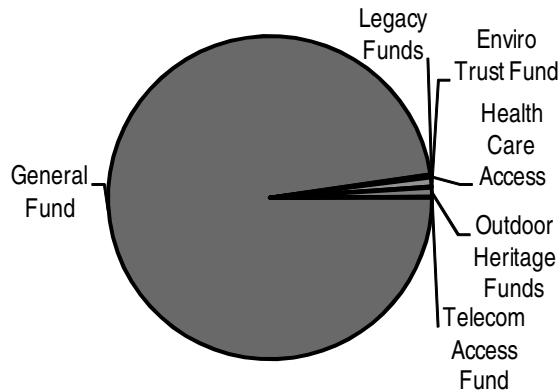
Agency Purpose

The legislature is one of the three principal branches of state government (the others are the executive and judicial branches), created by the constitution of the state of Minnesota. The legislative branch is responsible for the enactment and revision of state laws, establishing a state budget and tax policy, electing regents of the University of Minnesota, overseeing the work of state government, as well as proposing amendments to the state constitution. The Minnesota Legislature consists of two bodies: the House of Representatives and the Senate. In addition, the House and the Senate have jointly created Joint Offices that serve specific purposes described more fully below.

At a Glance

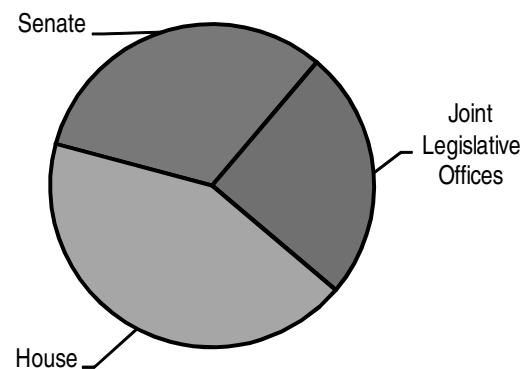
- 67 senators and 134 representatives compose the Minnesota Legislature.
- Senators serve four-year terms, and representatives serve two-year terms.
- The constitution provides that the legislature may meet for up to 120 days during a two-year period.
- (A legislative day is counted when a quorum of either the house or senate is present to conduct business as a body.)
- For the 2009-2010 biennial legislative session and the 2010 special session, 3,866 bills were introduced in the House, and 3,432 bills were introduced in the Senate. Of those, 400 bills were presented to the governor for signing.

Legislature FY 2010-11 Biennial Budget Appropriations by Fund



Source: MN State Laws

Legislature FY 2010-11 Biennial Budget Appropriations



Source: MN State Laws

Operations

The House and Senate employ separate staff to serve the separate bodies and maintain the structural checks and balances of the bicameral system.

House of Representatives

House of Representatives staff works in one of several non-partisan departments or in one of the caucus departments.

The **DFL Caucus** and the **GOP Caucus** departments each provide legislative services to their respective members. Services provided include legislative management, member administrative support, committee administration and support services, constituent and communication/media services, and caucus research services.

The **Chief Clerk's Office** provides assistance and advice to the speaker and members of the House of Representatives in meeting the legal and parliamentary requirements of the lawmaking process and to record the history of that process in a clear, unbiased, and accurate manner. The chief clerk, first and second assistant clerks, index clerk, and chaplain are elected officers of the house. The Chief Clerk's Office is responsible for all computer technology functions in the House, such as managing a secure local area network, managing numerous application programs and coordinating computer support to all house staff.

The **House Research Department** provides research and legal services to the house and its members and committees. The work of House Research focuses on legislative decision-making: helping house members and committees develop and evaluate government policies and laws. The House Research is a department of the House of Representatives as a whole, rather than a committee or caucus. House Research provides nonpartisan, confidential services to all members of the house without regard to partisan affiliation or legislative position. The department strives to be politically neutral and impartial on the issues. Its staff does not advocate, endorse, promote, or oppose legislation or legislative decision.

The **Fiscal Analysis Department** provides professional, nonpartisan, and confidential services for all members of the House of Representatives, and provides assistance to the house finance and tax committees on state budgetary and fiscal legislation. Department staff analyze spending requests, aid committees in developing and analyzing budgetary options, draft legislation to implement budget decisions, track legislative decisions, and provide analysis for legislative oversight of enacted budgets. Fiscal analysts respond to requests from individual members needing analyses or information on state budgetary issues or government finances. The Fiscal Analysis Department researches, prepares, and distributes publications providing information on state budget issues and government finances.

The **House Public Information Services Department** is a contact point to help the public connect with the Legislature. The mission of the department is to provide credible and timely nonpartisan services that inform the general public of legislative actions, educate the public about the legislative process and encourage public participation in the Minnesota Legislature. The department produces and distributes Session Weekly newsmagazine, Session Daily, committee schedules, committee rosters, member and staff lists, legislative directories and various publications that explain the state, its governmental structure and lawmaking process. It provides photography services for members, staff and the public, and distributes audio CD copies of all House meetings and DVD copies of all House television coverage. The department creates and distributes unedited, gavel-to-gavel television coverage of all House floor sessions, select committee hearings, press conferences, and informational and educational programming. Beginning with the start of each legislative session, programming is broadcast, in conjunction with the Senate, weekdays from 8:30 a.m. to 6 p.m. on the Minnesota Channel, which is carried by the six public television stations around the state. Live webcasting and video archives of all House television programming is available on the Internet.

The **House Budget & Accounting Department and Human Resources Department** performs the financial and human resources functions for the house. Financial functions include accounting, budgeting, staff and member payroll, accounts payable, and expense reimbursements. Human resource functions include compensation and benefit administration, personnel policy development and communication and house staffing management.

The **Sergeant-At-Arms Office** provides temporary support staff (pages), parking, facility management, telephone system management, supply and equipment purchases, security, post office, duplication and printing, and educational program services for members, staff, and the public. The speaker appoints the chief sergeant. The assistant sergeants, postmaster, and assistant postmaster are elected by house members to serve with the chief sergeant as officers of the house. Pages serve as support staff for all house and conference committee hearings and aid all departments in accomplishing their duties.

Senate

In addition to the functions listed under agency purpose, the senate also has the responsibility to advise and consent to governor's appointments.

Joint Legislative Offices

As provided by M.S. Chapter 3 the legislature has established a number of joint legislative offices and commissions.

Legislative Coordinating Commission (LCC)

The **LCC** coordinates certain activities of the Senate and House of Representatives and serves as an umbrella organization for joint legislative agencies and commissions. It determines the employee benefits for all legislative staff and health benefits for legislators. The LCC reviews budget requests and establishes staffing levels for all legislative commissions and joint agencies under its jurisdiction. The LCC also sets the compensation for all employees under its jurisdiction.

The President of the Senate and the Speaker of the House alternately serve as chair on an annual basis. The LCC provides staff support for the Compensation Council, the University of Minnesota Regent Candidate Advisory Council, the Minnesota State Colleges and Universities Board of Trustees Candidate Advisory Council, the Joint House-Senate Subcommittee on Claims, the Electronic Real Estate Recording Commission and a number of other commissions, task forces and working groups. The LCC coordinates the provision of sign language interpreters at legislative hearings and meetings and serves as the first point of contact in scheduling meetings and arranging itineraries for visiting international and state delegations seeking to discuss policy issues and learn more about Minnesota's legislative process. The office maintains a web site that shows Minnesotans how Legacy Amendment and Environmental Trust Fund dollars are spent.

Within the LCC, the Geographic Information Services Office supports the Legislature during the re-districting process, develops and maintains spatial databases and produces legislative district maps, reports, and web applications. Also within the LCC, the Office on the Economic Status of Women studies and reports on all matters relating to the economic status of women in Minnesota. In total, the LCC maintains 9.5 full-time equivalent positions.

The **Legislative Reference Library (LRL)**, collects, indexes, publishes, and makes available public policy information, both online and in the Library. The LRL works closely with legislators and legislative staff to provide information services that support the legislative process. Executive agencies and the public are also served. Library staff track and acquire all reports mandated by the Legislature. In addition, state law requires that copies of the publications of Minnesota state government agencies, boards, and commissions, and a copy of all state-funded consultants' reports must be deposited with the library. Rules of the House and Senate assign the director a custodial role of the floor and committee hearing recordings, and the accompanying minutes and logs. LRL staff is nonpartisan and all information requests are confidential. The LRL currently employs 13.5 full-time equivalent positions.

The **Revisor of Statutes** is a nonpartisan, professional joint legislative office providing drafting, editing, publication, and computer services to the legislature, executive departments, and to the governor and other constitutional officers. Drafting services are provided on a confidential basis and consist primarily of bills and administrative rules. The office also prepares amendments, including House floor amendments, committee reports, engrossments, side-by-side bill comparisons, and conference committee reports. Under the direction of the House and Senate, the office enrolls bills and presents them to the Governor. Publications produced by the office include: Laws of Minnesota, Minnesota Statutes, Minnesota Rules, and other miscellaneous publications of legislative and public interest. The computer system designed and maintained by the Revisor's office is used by House, Senate, LCC and Revisor's staff to draft, edit, and publish legislative materials, including electronic publication on the Minnesota Legislature's website. The office has been under the jurisdiction of the LCC since 1973, and currently employs 47.25 full-time equivalent positions.

The mission of the Office of the **Legislative Auditor** and **Legislative Audit Commission** is to strengthen accountability in state government. The office completes 30 to 35 financial audit reports and six to eight program evaluation reports each year with a staff of 62. The office is nonpartisan, and its chief goal is to produce audit and evaluation reports that are accurate and objective. The legislative auditor, who is appointed for a six-year term by the Legislative Audit Commission, directs the office. The bipartisan commission consists of 12 legislators (six representatives and six senators).

The **Mississippi River Parkway Commission** of Minnesota (MN-MRPC) was established in 1963. It is part of the 10-state National Mississippi River Parkway Commission which works collectively to preserve, promote, and enhance the scenic, historic, and recreational resources of the Mississippi River and to develop the national, scenic, and historic parkway known as the Great River Road. In Minnesota, the Great River Road runs 575 miles through the heart of the state, adjacent to the Mississippi River, beginning at the river's headwaters at Lake Itasca through Minnesota's north woods, lake country, Twin Cities, and into bluff country along the Minnesota-Wisconsin border before entering Iowa. For its historic, cultural, recreational and scenic qualities, the Federal Highway Administration selected the Minnesota Great River Road to be designated as a National Scenic Byway in 2000 – a distinguished honor bestowed upon the most treasured routes in America. The MN-MRPC consists of 15 members: two from the House; two from the Senate; five regional citizen members; one each from the state departments of Agriculture, Natural Resources, Tourism, Transportation and the Historical Society; and one member voted in by the other 14. The MN-MRPC has one staff member that manages its administration and marketing with the LCC providing fiscal service support.

The **Legislative Commission on Planning and Fiscal Policy** studies and evaluates the actual and projected expenditures by state government, the actual and projected sources of revenue that support these expenditures, and the various options available to meet the state's future fiscal needs. In addition to projected state revenue, expenditures, and tax expenditures, other subjects include economic and fiscal policy, mix of revenue sources for programs, investigation of state building needs, and other related matters. Staff is provided by the House, Senate, and the LCC.

The **Legislative Commission on Pensions and Retirement** was established in 1955 to study and investigate on an ongoing basis the various public retirement systems applicable to nonfederal government employees in the state and to make recommendations to establish and maintain sound public employee pension legislation. The commission currently employs 3.5 full-time equivalent positions.

The **Great Lakes Commission** promotes the orderly, integrated, and comprehensive development, use, and conservation of the water resources of the Great Lakes Basin, which consists of eight Great Lakes states, Canada, and all water interconnections between them. There is currently no staff funded for the Commission. The LCC provides fiscal service support.

The **LCC Subcommittee on Employee Relations** assists the Legislature by reviewing and providing interim approval of negotiated agreements and arbitrated awards between the state and its employees. The Commission also reviews and approves the Commissioner's and Managerial Compensation Plans, Minnesota State Colleges and Universities Personnel Plan for Administrators, and the Office of Higher Education Unclassified Compensation Plan. In addition, the Subcommittee reviews and provides interim approval of the governor's salary proposal for agency heads. Other duties include the monitoring of the state civil service system, conducting research as directed, and performing other functions as delegated by the legislature. Staff is provided by the LCC

The **Legislative Energy Commission** evaluates the energy policies of this state and the degree to which they promote an environmentally and economically sustainable energy future. It consists of ten members of the Senate and ten members of the House of Representatives. Staff is provided by the House, Senate, and the LCC.

The **Legislative-Citizen Commission on Minnesota Resources (LCCMR)** advises the legislature on the allocations for certain dedicated funding sources (primarily the Environment and Natural Resources Trust Fund) for projects "for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources" – Minnesota Constitution Sec. 14 as amended 11-3-1998. The commission consists of five representatives, five senators and seven citizen members (five appointed by the governor and one each by the House and Senate). The governing statute is M.S. Chapter 116P. Funding for LCCMR administration is provided by the Environment and Natural Resources Trust Fund through a direct appropriation. For the 2012-2013 biennium, the LCCMR recommendations will be introduced as separate legislation for consideration by the 2011 Legislature. The 2012-2013 recommendations are posted to: <http://www.lccmr.leg.mn> and total \$50.6 million. LCCMR is currently staffed by five full-time equivalent positions.

The **Lessard-Sams Outdoor Heritage Council (LSOHC)** advises the legislature on appropriations from the Outdoor Heritage Fund, a fund constitutionally dedicated to be spent “only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife” – Minnesota Constitution Art. XI, Sec. 15. M.S. Chapter 97A.056 governs the council. Membership consists of two senators, two representatives, and eight citizen members. The governor appoints four citizen members and the House and the Senate each appoint two. LSOHC administrative expenses are paid out of the Outdoor Heritage Fund and are statutorily limited to no more than one-percent of the appropriations from the fund. LSOHC employs three full-time equivalent positions.

Budget

The state legislature receives its funding as direct appropriations from the General Fund or other funds as noted.

Contact

House of Representatives

Paul Schweizer, Controller
G-72 State Office Building
Saint Paul, Minnesota 55155
Phone: (651) 296-6648
Web site: <http://www.house.leg.state.mn>

Legislative Coordinating Commission

Greg Hubinger, Director
G-72 State Office Building
Saint Paul, Minnesota 55155
Phone: (651) 296-2963
Web site: <http://www.commissions.leg.mn>

Senate

JoAnne Zoff
Director of Counsel/Research/Fiscal Policy Analysis
G-17 State Capitol
Saint Paul, Minnesota 55155
Phone: (651) 296-3803
Web site: <http://www.senate.leg.mn>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	615	639	639	639	1,278
Recommended	615	639	627	627	1,254
Change		0	(12)	(12)	(24)
% Biennial Change from 2010-11					0%
General					
Current Appropriation	67,412	66,320	66,320	66,320	132,640
Recommended	67,412	66,320	62,942	62,942	125,884
Change		0	(3,378)	(3,378)	(6,756)
% Biennial Change from 2010-11					-5.9%
Health Care Access					
Current Appropriation	178	178	178	178	356
Recommended	178	178	178	178	356
Change		0	0	0	0
% Biennial Change from 2010-11					0%
Outdoor Heritage					
Current Appropriation	705	600	600	600	1,200
Recommended	705	600	470	470	940
Change		0	(130)	(130)	(260)
% Biennial Change from 2010-11					-28%
Arts And Cultural Heritage					
Current Appropriation	20	0	0	0	0
Recommended	20	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
Clean Water					
Current Appropriation	25	0	0	0	0
Recommended	25	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
Parks And Trails					
Current Appropriation	15	0	0	0	0
Recommended	15	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Carry Forward					
General	439	2,767	1,463	1,463	2,926
Direct Appropriations					
Environment & Natural Resource	548	706	627	627	1,254
General	64,847	69,287	62,942	62,942	125,884
Health Care Access	1	355	178	178	356
Miscellaneous Special Revenue	111	100	0	0	0
Federal	5	1	0	0	0
Outdoor Heritage	572	733	470	470	940
Arts And Cultural Heritage	18	2	0	0	0
Clean Water	24	1	0	0	0
Parks And Trails	14	1	0	0	0
Gift	4	0	0	0	0
Statutory Appropriations					
Miscellaneous Agency	518	495	489	489	978
Total	67,101	74,448	66,169	66,169	132,338
<u>Expenditures by Category</u>					
Total Compensation	12,749	13,508	12,732	12,732	25,464
Other Operating Expenses	54,352	60,940	53,437	53,437	106,874
Total	67,101	74,448	66,169	66,169	132,338
<u>Expenditures by Program</u>					
House Of Representatives	29,452	31,918	29,627	29,627	59,254
Senate	21,731	22,796	20,932	20,932	41,864
Legislative Coordinating Cmsn	9,400	12,966	9,553	9,553	19,106
Legislative Audit Comm	5,970	6,062	5,430	5,430	10,860
Legis Mn Resources Comm	548	706	627	627	1,254
Total	67,101	74,448	66,169	66,169	132,338

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2011 Appropriations	639	639	639	1,278
Technical Adjustments				
Biennial Appropriations		(12)	(12)	(24)
Subtotal - Forecast Base	639	627	627	1,254
Total Governor's Recommendations	639	627	627	1,254
Fund: GENERAL				
FY 2011 Appropriations	66,320	66,320	66,320	132,640
Technical Adjustments				
One-time Appropriations		(65)	(65)	(130)
Subtotal - Forecast Base	66,320	66,255	66,255	132,510
Change Items				
Operating Budget Reductions	0	(3,313)	(3,313)	(6,626)
Total Governor's Recommendations	66,320	62,942	62,942	125,884
Fund: HEALTH CARE ACCESS				
FY 2011 Appropriations	178	178	178	356
Subtotal - Forecast Base	178	178	178	356
Total Governor's Recommendations	178	178	178	356
Fund: OUTDOOR HERITAGE				
FY 2011 Appropriations	600	600	600	1,200
Technical Adjustments				
One-time Appropriations		(130)	(130)	(260)
Subtotal - Forecast Base	600	470	470	940
Total Governor's Recommendations	600	470	470	940
Fund: ARTS AND CULTURAL HERITAGE				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: CLEAN WATER				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: PARKS AND TRAILS				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: GENERAL				
Planned Statutory Spending	2,767	1,463	1,463	2,926
Total Governor's Recommendations	2,767	1,463	1,463	2,926
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	495	489	489	978
Total Governor's Recommendations	495	489	489	978

LEGISLATURE

Change Item: Operating Budget Reductions

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(3,313)	\$(3,313)	\$(3,313)	\$(3,313)
Revenues	0	0	0	0
Net Fiscal Impact	\$(3,313)	\$(3,313)	\$(3,313)	\$(3,313)

Recommendation

To help address the budget deficit, the Governor recommends a reduction of \$3.313 million per year to the legislature general fund operating budget. This proposal represents a 5% base level reduction to the direct appropriated general fund budget.

Rationale

The Governor respects the separation of powers and the desire of constitutional officers and officials in the legislative and judicial branches to present their budget requests independently to the legislature without specific recommendations from the Governor. However, since the Governor is required by law to submit a balanced budget to the legislature, it is necessary to identify funding for those offices as part of preparing a complete balanced budget.

The Governor suggests that the Legislature receive a 5% reduction to help balance the budget. While the Governor recommends a total amount for the decrease, he respects the legislature's authority in deciding whether to adopt the reduction and in determining how to distribute it among its divisions. For the purposes of producing a complete budget presentation, however, the expenditure reduction was distributed proportionally across the divisions of the Legislature.

Statutory Change: Not Applicable

LEGISLATURE

Program: HOUSE OF REPRESENTATIVES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	29,940	29,341	29,341	29,341	58,682
Subtotal - Forecast Base	29,940	29,341	29,341	29,341	58,682
Governor's Recommendations					
Operating Budget Reductions		0	(1,467)	(1,467)	(2,934)
Total	29,940	29,341	27,874	27,874	55,748
<u>Expenditures by Fund</u>					
Carry Forward					
General	0	1,463	1,463	1,463	2,926
Direct Appropriations					
General	29,122	30,159	27,874	27,874	55,748
Statutory Appropriations					
Miscellaneous Agency	330	296	290	290	580
Total	29,452	31,918	29,627	29,627	59,254
<u>Expenditures by Category</u>					
Other Operating Expenses	29,452	31,918	29,627	29,627	59,254
Total	29,452	31,918	29,627	29,627	59,254
<u>Expenditures by Activity</u>					
House Of Representatives	29,452	31,918	29,627	29,627	59,254
Total	29,452	31,918	29,627	29,627	59,254

LEGISLATURE

Program: SENATE

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	22,269	21,824	21,824	21,824	43,648
Subtotal - Forecast Base	22,269	21,824	21,824	21,824	43,648
Governor's Recommendations					
Operating Budget Reductions		0	(1,091)	(1,091)	(2,182)
Total	22,269	21,824	20,733	20,733	41,466
<u>Expenditures by Fund</u>					
Carry Forward					
General	215	9	0	0	0
Direct Appropriations					
General	21,328	22,588	20,733	20,733	41,466
Statutory Appropriations					
Miscellaneous Agency	188	199	199	199	398
Total	21,731	22,796	20,932	20,932	41,864
<u>Expenditures by Category</u>					
Other Operating Expenses	21,731	22,796	20,932	20,932	41,864
Total	21,731	22,796	20,932	20,932	41,864
<u>Expenditures by Activity</u>					
Senate	21,731	22,796	20,932	20,932	41,864
Total	21,731	22,796	20,932	20,932	41,864

LEGISLATURE

Program: LEGISLATIVE COORDINATING CMSN

Program Summary

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<i>Dollars in Thousands</i>					
<i>Direct Appropriations by Fund</i>					
General					
Current Appropriation	9,454	9,439	9,439	9,439	18,878
Technical Adjustments					
One-time Appropriations			(65)	(65)	(130)
Subtotal - Forecast Base	9,454	9,439	9,374	9,374	18,748
Governor's Recommendations					
Operating Budget Reductions		0	(469)	(469)	(938)
Total	9,454	9,439	8,905	8,905	17,810
Health Care Access					
Current Appropriation	178	178	178	178	356
Subtotal - Forecast Base	178	178	178	178	356
Total	178	178	178	178	356
Outdoor Heritage					
Current Appropriation	705	600	600	600	1,200
Technical Adjustments					
One-time Appropriations			(130)	(130)	(260)
Subtotal - Forecast Base	705	600	470	470	940
Total	705	600	470	470	940
Arts And Cultural Heritage					
Current Appropriation	20	0	0	0	0
Subtotal - Forecast Base	20	0	0	0	0
Total	20	0	0	0	0
Clean Water					
Current Appropriation	25	0	0	0	0
Subtotal - Forecast Base	25	0	0	0	0
Total	25	0	0	0	0
Parks And Trails					
Current Appropriation	15	0	0	0	0
Subtotal - Forecast Base	15	0	0	0	0
Total	15	0	0	0	0

LEGISLATURE

Program: LEGISLATIVE COORDINATING CMSN

Program Summary

	<i>Dollars in Thousands</i>				
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Carry Forward					
General	181	995	0	0	0
Direct Appropriations					
General	8,470	10,778	8,905	8,905	17,810
Health Care Access	1	355	178	178	356
Miscellaneous Special Revenue	111	100	0	0	0
Federal	5	1	0	0	0
Outdoor Heritage	572	733	470	470	940
Arts And Cultural Heritage	18	2	0	0	0
Clean Water	24	1	0	0	0
Parks And Trails	14	1	0	0	0
Gift	4	0	0	0	0
Total	9,400	12,966	9,553	9,553	19,106
<u>Expenditures by Category</u>					
Total Compensation	6,914	7,599	7,115	7,115	14,230
Other Operating Expenses	2,486	5,367	2,438	2,438	4,876
Total	9,400	12,966	9,553	9,553	19,106
<u>Expenditures by Activity</u>					
Legislative Coordinating Cmsn	2,466	3,683	2,355	2,355	4,710
Legislative Reference Library	1,340	1,374	1,283	1,283	2,566
Revisor Of Statutes	5,031	6,821	5,267	5,267	10,534
Lessard Sams Outdoor Heritage	562	733	470	470	940
Leg Cmsn On Health Care Access	1	355	178	178	356
Total	9,400	12,966	9,553	9,553	19,106

LEGISLATURE

Program: LEGISLATIVE AUDIT COMM

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,749	5,716	5,716	5,716	11,432
Subtotal - Forecast Base	5,749	5,716	5,716	5,716	11,432
Governor's Recommendations					
Operating Budget Reductions		0	(286)	(286)	(572)
Total	5,749	5,716	5,430	5,430	10,860
<u>Expenditures by Fund</u>					
Carry Forward					
General	43	300	0	0	0
Direct Appropriations					
General	5,927	5,762	5,430	5,430	10,860
Total	5,970	6,062	5,430	5,430	10,860
<u>Expenditures by Category</u>					
Total Compensation	5,355	5,419	5,127	5,127	10,254
Other Operating Expenses	615	643	303	303	606
Total	5,970	6,062	5,430	5,430	10,860
<u>Expenditures by Activity</u>					
Legislative Auditor	5,970	6,062	5,430	5,430	10,860
Total	5,970	6,062	5,430	5,430	10,860

LEGISLATURE

Program: LEGIS MN RESOURCES COMM

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	615	639	639	639	1,278
Technical Adjustments					
Biennial Appropriations			(12)	(12)	(24)
Subtotal - Forecast Base	615	639	627	627	1,254
Total	615	639	627	627	1,254
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	548	706	627	627	1,254
Total	548	706	627	627	1,254
<u>Expenditures by Category</u>					
Total Compensation	480	490	490	490	980
Other Operating Expenses	68	216	137	137	274
Total	548	706	627	627	1,254
<u>Expenditures by Activity</u>					
Legis Mn Resources Comm	548	706	627	627	1,254
Total	548	706	627	627	1,254

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Departmental Earnings (Inter-Agency):					
General	102	0	0	0	0
Other Revenues:					
Environment & Natural Resource	318	0	0	0	0
General	3	0	0	0	0
Minnesota Resources	1	0	0	0	0
Total Non-Dedicated Receipts	424	0	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
General	224	0	0	0	0
Grants:					
Miscellaneous Special Revenue	11	0	0	0	0
Federal	6	0	0	0	0
Other Sources:					
Miscellaneous Agency	452	495	489	489	978
Total Dedicated Receipts	693	495	489	489	978
Agency Total Revenue	1,117	495	489	489	978

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Background

The Legislative-Citizen Commission on Minnesota Resources (LCCMR or Commission) provides funding recommendations to the Legislature for expenditures from the Environment and Natural Resources Trust Fund (Trust Fund or ENRTF). The state constitutional amendments (1988, 1990, and 1998) that created the Trust Fund require that projects funded from its resources must be “for the public purpose of protection, conservation, preservation, and enhancement of the state’s air, water, land, fish, wildlife, and other natural resources”. The Commission also is governed by M.S. 116P, which outlines its authorities, duties, and allowed expenditures.

In addition to constitutional and statutory requirements, the Commission has an adopted 6-year strategic plan required in 116P.08, Subdivision 3 to help further guide LCCMR expenditure recommendations made to the Legislature.

- **Review Process:** Based on an adopted Strategic Plan, the Commission issues a Request for Proposal (RFP) for project proposals and evaluates them according to the funding priorities and evaluation criteria published in the RFP. The Commission reviews all proposals received, seeks technical advice as needed, and requests additional information in the form of presentations on projects determined to meet the funding priorities and evaluation criteria. Research proposals undergo scientific peer review once the Commission has determined an interest in providing funding. The Commission oversees and evaluates project progress and completion through work program review.
- **Recommendations:** The LCCMR’s recommendations for funding from the Environment and Natural Resources Trust Fund are made to the legislature through an appropriations bill. For FY 2012 - FY 2013 projects, the LCCMR adopted its recommendations in July 2010 for a biennial appropriation, to be in a bill introduced during the 2011 legislative session.

The LCCMR is comprised of 17 members consisting of five representatives, five senators and seven non-legislative citizen members (five appointed by the Governor and one member each appointed by the House and Senate). The chairs of the House and Senate divisions on environment and natural resources finance are designated members. The Commission has adopted operating procedures, including a structure for election of co-chairs and an executive committee. The LCCMR seeks public input and pursues fact-finding on natural resource issues through public forums, web based citizen input, site visits throughout the state, and issue seminars.

The LCCMR employs a full-time professional and support staff of five full-time employees. In addition, there is an allocation of \$220,000 for an agreement with the Department of Natural Resources (DNR) to administer the contracts for recipients of many of the appropriations to non-state agency entities.

Budget

The Environment and Natural Resources Trust fund provides the major source of funding for the recommendations. The Minnesota state constitution specifies that the amount appropriated from the Trust Fund each year of a biennium may be up to 5.5% of its market value on June 30 one year before the start of the biennium. On June 30, 2010, the Trust Fund market value was approximately \$460 million. The estimated total funding available for FY 2012 and FY 2013 appropriations is approximately \$25.3 million each year. The LCCMR also recommends appropriations from federal Land and Water Conservation (LAWCON) receipts, Oil Overcharge money and the Great Lakes Protection Account when dollars are available.

The LCCMR is recommending \$25,312,000 for FY 2012 and \$25, 311,000 for FY 2013 from the Environment and Natural Resources Trust Fund and \$750,000 from LAWCON for FY 2012. The recommendations have been forwarded to the Legislature and the Governor in the form of a biennial report dated January 15, 2011 as required by MN Statutes 116P.09, Subdivision 7.

Contact

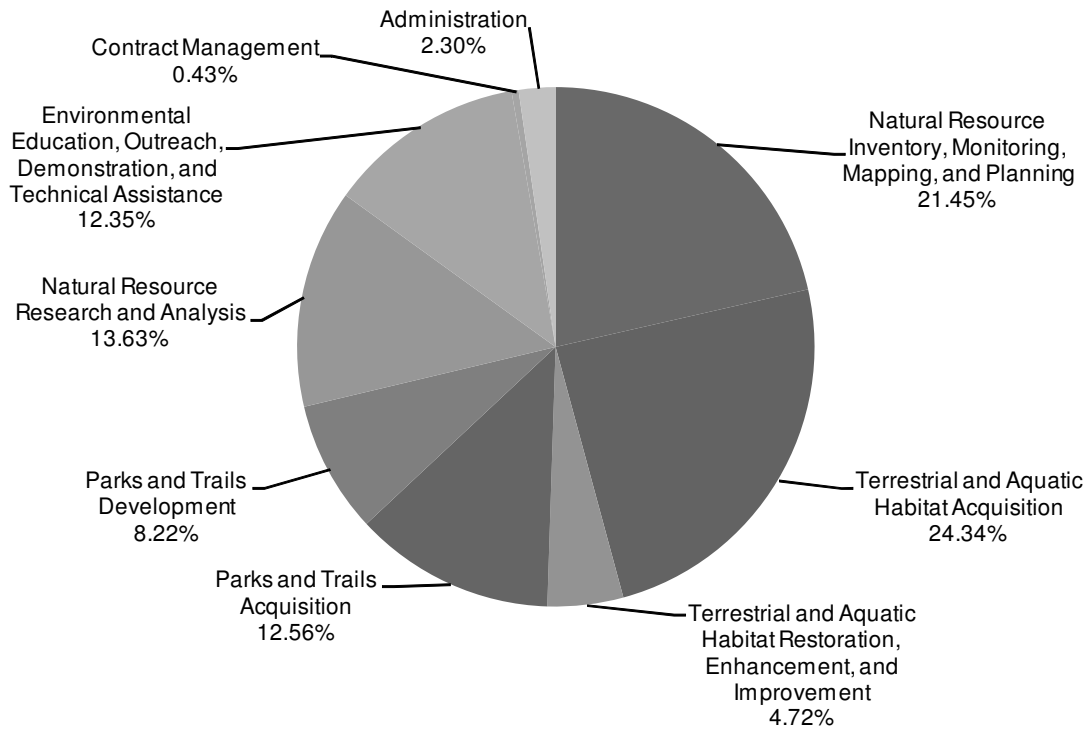
Projects approved since 1991 are available on the LCCMR web site: <http://www.lccmr.leg.mn>

Contact: Susan Thornton, Director
Legislative Commission on Minnesota Resources
Room 65 State Office Building
Saint Paul, Minnesota 55155

SUMMARY OF EXPECTED OUTCOMES

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations



Includes approximately \$25.3 million each year (total = \$50,656,000) from the Environment and Natural Resources Trust Fund and a total of \$750,000 from the federal Land and Water Conservation Account (LAWCON).

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

For FY 2012 - 2013, approximately \$25.3 million is available each year (Total = \$50,656,000) for appropriations from the Environment and Natural Resources Trust Fund (Trust Fund or ENRTF). In response to the LCCMR's FY 2012-2013 Request for Proposal, 241 proposals requesting a total of approximately \$163.8 million were received. After full consideration of all proposals received, on July 14, 2010 the LCCMR selected 92 projects to be included in its biennial appropriation recommendation to the 2011 Minnesota Legislature. The recommendation to the Legislature also includes \$750,000 from the federal Land and Water Conservation (LAWCON) account.

Recommendations for Expenditures	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	TOTAL FY 2012-2013
Administration Department for Environmental Quality Board - Direct	\$225,000	\$225,000		\$450,000
Agriculture Department - Direct	\$250,000	\$250,000		\$500,000
Natural Resources Department - Direct	\$10,896,000	\$10,554,000	\$750,000	\$22,200,000
Natural Resources Department - Fiscal Agent Agreements with Non-state Entities	\$7,049,000	\$7,281,000		\$14,330,000
Pollution Control Agency - Direct	\$412,000	\$413,000		\$825,000
Water and Soil Resources Board - Direct	\$932,000	\$933,000		\$1,865,000
Water and Soil Resources Board - Fiscal Agent Agreement with a Non-state Entity	\$73,000	\$74,000		\$147,000
Metropolitan Council - Direct	\$1,125,000	\$1,125,000		\$2,250,000
Science Museum of Minnesota, St. Croix Research Station - Direct	\$150,000	\$150,000		\$300,000
Minnesota State Colleges and Universities - Direct	\$60,000	\$60,000		\$120,000
University of Minnesota - Direct	\$3,439,000	\$3,545,000		\$6,984,000
Legislative-Citizen Commission on Minnesota Resources - Direct	\$591,000	\$591,000		\$1,182,000
Legislative-Citizen Commission on Minnesota Resources - Fiscal Agent Agreement with DNR for Contract Services	\$110,000	\$110,000		\$220,000
TOTAL \$ RECOMMENDATION				\$51,373,000
Fund Source				
FY 2012 Environment and Natural Resources Trust Fund				\$25,312,000
FY 2013 Environment and Natural Resources Trust Fund				\$25,311,000
FY 2012 Land and Water Conservation Account (LAWCON)				\$750,000
	TOTAL			\$51,373,000
Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Administration Department for the Environmental Quality Board (EQB) - Direct	\$225,000	\$225,000		\$450,000
Groundwater Sustainability Assessment in the I-94 Growth Corridor To assess groundwater sustainability in the I-94 growth corridor between the Twin Cities and St. Cloud and engage local communities with the tools to understand groundwater and how it is impacted by land and water usage so that planning and water use decisions are well informed. Project will be done in cooperation with the United States Geological Survey.	\$225,000	\$225,000		
Agriculture Department - Direct	\$250,000	\$250,000		\$500,000
Emerald Ash Borer Biocontrol Research and Implementation To assess a biocontrol method for suppressing emerald ash borers by testing bioagent winter survival potential, developing release and monitoring methods, and piloting implementation of emerald ash borer biocontrol.	\$250,000	\$250,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources - Direct	\$10,896,000	\$10,554,000	\$750,000	\$22,200,000
Minnesota County Biological Survey To continue the county-by-county Minnesota County Biological Survey to provide a foundation for conserving biological diversity by systematically collecting, interpreting, and delivering data on plant and animal distribution and ecology, native plant communities, and functional landscapes. Work will be done in Lake, St. Louis, Beltrami, Clearwater, Lake of the Woods and Koochiching counties.	\$1,125,000	\$1,125,000		
County Geologic Atlases and Related Hydrogeologic Research A joint effort of the Department of Natural Resources and Minnesota Geological Survey (MGS) to continue the county-by-county production of county geologic atlases. The DNR will complete atlases in Anoka, Blue Earth, Clay, Nicollet, Renville, Sibley, and Wright counties to document the connection of aquifers to the land surface and surface water resources. MGS will initiate three or more county atlases to provide information essential to sustainable management of ground water resources by defining aquifer boundaries. This appropriation represents a continuing effort to complete the county geologic atlases throughout the state. Funding to the Minnesota Geological Survey (\$1,200,000) is included in the "University of Minnesota - Direct" section.	\$300,000	\$300,000		
Updating the Minnesota Wetlands Inventory: Phase 3 This third phase of a multi-phase project to update the wetland inventory in the entire state will update wetland inventory maps for 30 counties in southern Minnesota. A completed wetlands inventory will help improve wetland protection and management.		\$1,500,000		
Determining Cause of Mortality in Moose Populations To determine why Minnesota's moose are dying, and if nutritional stress is playing a fundamental role and to provide guidance for specific management actions to prevent further population decline.	\$300,000	\$300,000		
Information System for Wildlife and Aquatic Management Areas To develop an information system that will allow users from within and outside the DNR to access up-to-date Wildlife Management Area (WMA)/Aquatic Management Area (AMA) information, in order to facilitate identification of WMA/AMA project needs, and prioritize and plan efforts to fund and carry out habitat and facilities management activities on WMAs and AMAs.	\$250,000	\$250,000		
Lake Vermilion State Park Development For initial phases of development of Lake Vermilion State Park. The majority of the funding is available in FY 2012 to support early park development activities. A master plan must be completed and a specific list of proposed projects and project elements must be provided.	\$2,421,000	\$579,000		
State Parks and Trails Land Acquisition Acquisition of approximately 146 acres of inholdings in state parks including 75 acres in Mille Lacs Kathio State Park, 48 acres in Tettegouche State Park, 3 acres in Crow Wing State Park, 20 acres in Nerstrand Big Woods State Park, and partially fund the acquisition of the Brown's Creek segment of the Willard Munger State Trail in Washington County.	\$1,500,000	\$1,500,000		
Regional Park, Trail, and Connections Acquisition and Development Grants To provide approximately 10-19 matching grants to local units of government for acquisition and development of regional parks, regional trails, and trail connections. A local match of two dollars of nonstate money for each three dollars of state money is required for each grant.	\$1,000,000	\$1,000,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources – Direct, continued				
Scientific and Natural Areas Acquisition and Restoration Acquisition of 2-4 sites (approximately 220 acres) of high quality native plant communities and rare features as Scientific and Natural Areas (SNAs). Habitat improvements would be made on approx. 2,600 acres of SNAs and management practices would be monitored to identify adaptive management process improvements needed to achieve better habitat for rare species on at least 10 SNAs.	\$1,640,000	\$1,640,000		
Native Prairie Stewardship and Native Prairie Bank Acquisition To acquire 1-5 native prairie bank easements (approximately 200 acres), prepare approximately 22 baseline property assessments, restore and enhance on approximately 20 native prairie sites (approximately 900 acres), and provide technical assistance to landowners.	\$500,000	\$500,000		
Metropolitan Conservation Corridors (MeCC) Phase VI <i>DNR Division of Fish and Wildlife - to acquire approximately 35 acres and 0.6 miles of critical shoreline (\$150,000 / \$150,000)</i> A joint effort of 7 non-profits, local government, and state partners to acquire through fee title and conservation easements approximately 650 acres and restoring and enhancing approximately 760 acres in the 16 county greater Twin Cities metropolitan area. Funding to non-profit and local government partners (\$3,175,000) is included in the "Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities" section.	\$150,000	\$150,000		
Minnesota's Habitat Conservation Partnership (HCP) - Phase VII <i>DNR Division of Fish and Wildlife for restoration and management on approximately 209 acres of Wildlife Management Areas - (\$15,000 / \$15,000)</i> <i>DNR Division of Fish and Wildlife for aquatic habitat restoration and management on 3.5 miles of shoreline or 35 acres of waterbodies in southwest Minnesota - (\$100,000 / \$100,000)</i> <i>DNR for professional services related to fee title acquisitions completed by other Habitat Conservation Partnership non-profit partners - (\$10,000 / \$10,000)</i> Minnesota's Habitat Conservation Partnership is a joint effort of 8 non-profits, state, federal, and tribal partners to acquire through fee title and conservation easements approximately 860 acres and restoring and enhancing approximately 600 - 925 acres in three habitat corridor areas of Minnesota. Funding to non-profit, tribal and federal government partners (\$3,225,000) is included in the "Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities" section.	\$125,000	\$125,000		
Natural and Scenic Area Acquisition Grants To provide 2-6 matching grants to local governments for acquisition of natural and scenic areas (approximately 100-200 acres). A 50% local match is required. The Natural and Scenic Area Grant program provides incentive to local governments to protect natural and scenic resources that do not qualify for state designation, but have important regional or local significance.	\$500,000	\$500,000		
Conservation Easement Stewardship and Enforcement Program - Phase II To accelerate the implementation of Phase I Conservation Easement Stewardship Plan being developed with an ML 2008 appropriation and bring approximately 20% of DNR existing conservation easements up to minimum standards (baseline property reports, regular monitoring, land owner relations, record keeping and enforcement).	\$250,000	\$250,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources – Direct, continued				
Gulf Oil Spill Impacts on Minnesota's Migratory Bird Species To assess the impact of the Gulf oil spill on migratory populations of common loons and American white pelicans in Minnesota to assist in providing information for a possible Natural Resources Defense Act (NRDA) reimbursement.	\$125,000	\$125,000		
Controlling Encroachment of Woody Vegetation in Grasslands To evaluate treatments and identify the most effective methods for controlling encroachment woody vegetation in prairies and grasslands.	\$100,000	\$100,000		
Restoration Strategies for Ditched Peatland Scientific and Natural Areas To evaluate the hydrology and habitat of the Winter Road Lake peatland watershed protection area in Lake of the Woods County to determine the effects of ditch abandonment and examine the potential for restoration of patterned peatlands.	\$100,000	\$100,000		
Trout Stream Springshed Mapping in Southeast Minnesota - Phase III A joint project of the Department of Natural Resources and the University of Minnesota to continue to identify and delineate water supply areas and springsheds for springs serving as cold water sources for trout streams and to assess the impacts from development and water appropriations. Funding to the University of Minnesota (\$280,000) is included in the "University of Minnesota - Direct" section.	\$110,000	\$110,000		
Peatland Carbon Sequestration To measure carbon uptake and methane release in healthy and altered peatlands and develop strategies for landscape-level peatland restoration and carbon sequestration implementation.	\$200,000	\$200,000		
Cross-Cultural Cooperation in Fish and Wildlife Conservation To collaborate with the Southeast Asian community on a tagging study and creel survey of white bass and to develop and implement cross-cultural training and workshops on hunting and fishing conservation regulations, ethics, and management.	\$200,000	\$200,000		
Land and Water Conservation Account (LAWCON) Federal Reimbursement For priorities established by the commissioner of natural resources for eligible state projects and administrative and planning activities.			\$750,000	
Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities	\$7,049,000	\$7,281,000		\$14,330,000
Minnesota Breeding Bird Atlas - Phase III <i>For an agreement with National Audubon Society</i> A joint effort of Audubon Minnesota and University of Minnesota-Duluth Natural Resources Research Institute (NRRRI) to continue development of a statewide survey of Minnesota breeding bird distribution to guide protection and conservation efforts and create related publications, including a book and online atlas with distribution maps and breeding status. The atlas must be available for downloading on the Internet free of charge. Funding to the University of Minnesota (\$102,000) is included in the "University of Minnesota - Direct" section.		\$228,000		
Golden Eagle Survey <i>For an agreement with National Eagle Center</i> To increase the understanding of Golden Eagles in the blufflands in southeast Minnesota through surveys and education.	\$45,000	\$45,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities, continued				
Mississippi River Central Minnesota Conservation Planning <i>For an agreement with Stearns County Soil and Water Conservation District</i> To develop and adopt river protection strategies in cooperation with local jurisdictions in the communities of the 26 miles along the Mississippi River between Benton and Stearns Counties. This appropriation must be matched by \$175,000 of non-state cash or qualifying in-kind funds.	\$87,000	\$88,000		
St. Croix Basin Conservation Planning and Protection <i>For an agreement with the St. Croix River Association</i> To develop a plan by local, state, and federal government units and non-profit organizations to identify and prioritize critical areas for conservation project implementation to improve watershed health. This appropriation must be matched by \$200,000 of non-state cash or qualifying in-kind funds.	\$100,000	\$100,000		
Brainerd Lakes Community-Based Conservation and Recreation Planning <i>For an agreement with Crow Wing County</i> To develop and implement community-based conservation and recreational planning to protect natural resources. This appropriation is contingent on the commitment of Crow Wing County to pursue adoption of ordinances developed to protect the natural resources and provide \$270,000 non-state cash or qualifying in-kind funds.	\$135,000	\$135,000		
LaSalle Lake: Scientific and Natural Area Acquisition <i>For an agreement with The Trust for Public Land</i> To acquire approximately 190 acres to be designated as a DNR Scientific and Natural Area on LaSalle Lake adjacent to the Upper Mississippi River in Hubbard County.	\$1,000,000	\$1,000,000		
Minnesota River Valley Green Corridor Scientific and Natural Area Acquisition <i>For an agreement with the Redwood Area Community Foundation</i> To acquire approximately 417 acres of lands in the Minnesota River Valley with high quality native plant communities and rare features to be established as DNR Scientific and Natural Areas.	\$1,000,000	\$1,000,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities, continued				
<p>Metropolitan Conservation Corridors (MeCC) Phase VI -7 Non-Profits / Local / State Partners <i>For agreements with:</i> <i>Friends of the Mississippi River for habitat restoration efforts on approximately 158 acres (\$100,000 / \$100,000)</i> <i>Dakota County to acquire conservation easements on approximately 310 acres and restore approximately 75 acres (\$517,000 / \$518,000)</i> <i>Great River Greening for restoration activities on approximately 125 acres and .18 miles of shoreline (\$200,000 / \$200,000)</i> <i>Minnesota Land Trust to acquire conservation easements on approximately 150 acres (\$220,000 / \$220,000)</i> <i>MN Valley National Wildlife Refuge Trust, Inc. to acquire fee title of approximately 125 acres and restore approximately 405 acres to be owned and managed by the U.S. Fish and Wildlife Service (\$300,000 / \$300,000)</i> <i>The Trust for Public Land to acquire fee title of approximately 30 acres for state and local governments (\$250,000 / \$250,000)</i> A joint effort of 7 non-profits, local government, and state partners to acquire through fee title and conservation easements on approximately 650 acres and restoring and enhancing approximately 760 acres in the 16 county greater Twin Cities metropolitan area. Funding for the Department of Natural Resources (\$300,000) is included in the "Department of Natural Resources - Direct" section.</p>	\$1,587,000	\$1,588,000		
<p>Minnesota's Habitat Conservation Partnership (HCP) - Phase VII - 8 Nonprofits / State / Federal / Tribal Partners <i>For agreements with:</i> <i>Ducks Unlimited to provide technical assistance and acquire conservation easements on approximately 150 acres (\$637,000 / \$638,000)</i> <i>Friends of the Detroit Lakes Wetland Management District for restoration activities on approximately 47 acres (\$38,000 / \$37,000)</i> <i>Leech Lake Band of Ojibwe for restoration activities on approximately 550 acres (\$25,000 / \$25,000)</i> <i>Minnesota Land Trust to acquire conservation easements on approximately 400 acres (\$225,000 / \$225,000)</i> <i>MN Valley National Wildlife Refuge Trust, Inc. to acquire in fee title approximately 80 acres to be owned and managed by the U.S. Fish and Wildlife Service (\$200,000 / \$200,000)</i> <i>Pheasants Forever to acquire in fee title approximately 85 acres for state and federal agencies and to provide coordination for the partnership (\$242,000 / \$243,000)</i> <i>The Trust for Public Land to acquire in fee title approximately 44 acres for the state (\$245,000 / \$245,000)</i> A joint effort of 8 non-profits, state, federal, and tribal partners to acquire through fee title and conservation easements approximately 860 acres and restoring and enhancing approximately 600 - 925 acres in three habitat corridor areas of Minnesota. Funding for the Department of Natural Resources (\$250,000) is included in the "Department of Natural Resources - Direct" section.</p>	\$1,612,000	\$1,613,000		
<p>Southeast Minnesota Stream Restoration <i>For an agreement with Trout Unlimited</i> To restore at least 4 miles of riparian corridor for trout and nongame species in southeast Minnesota and increase local capacities to implement stream restoration through training and technical assistance.</p>	\$125,000	\$125,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities, continued				
Restoring North Shore Forests <i>For an agreement with Sugarloaf: The North Shore Stewardship Association</i> To provide forest stewardship plans, training, and tree planting assistance for Lake Superior coastal landowners with property sizes less than 20 acres who are not eligible for other state stewardship programs.	\$31,000	\$32,000		
Itasca County Sensitive Lakeshore Identification <i>For an agreement with Itasca County Soil and Water Conservation District</i> To identify sensitive lakeshore and restorable shoreline in Itasca County to prioritize and guide conservation efforts.	\$80,000	\$80,000		
Zumbro River Watershed Restoration Prioritization <i>For an agreement with the Zumbro Watershed Partnership, Inc.</i> To identify sources of erosion and runoff in the Zumbro River watershed in order to prioritize restoration and protection projects.	\$75,000	\$75,000		
Assessment of Minnesota River Antibiotic Concentrations <i>For an agreement with the University of St. Thomas</i> To measure antibiotic concentrations and antibiotic resistance levels at 7 sites on the Minnesota River in Blue Earth, Nicollet, and LeSueur Counties to better understand the potential threat to surface waters, inform future regulations related to wastewater, drinking water and agriculture, and the advisability of water re-use.	\$95,000	\$95,000		
Community-Based Reduction of Water Contaminants <i>For an agreement with the Institute for Agriculture and Trade Policy</i> To assist in helping local governments in the identification and implementation of green practices within communities to reduce estrogenic chemical water pollution.	\$125,000	\$125,000		
Optimizing Biogas Role in Meeting Minnesota's Energy Goals <i>For an agreement with the Great Plains Institute</i> To evaluate market, technical, and policy barriers to broader adoption of biogas in meeting Minnesota's energy needs and develop recommendations for overcoming those barriers.	\$150,000	\$150,000		
Supporting Community-Driven Sustainable Bioenergy Projects <i>For an agreement with Dovetail Partners, Inc.</i> To assess feasibility, impacts, and sustainable forest management needs of community-scale (approximately 1 Megawatt) forest bioenergy systems through pilot studies in Ely and Cook County.	\$75,000	\$75,000		
Conservation Corps Training and Low-Income Solar Home-Heating Installation <i>For an agreement with Conservation Corps Minnesota</i> To train corps members for renewable energy jobs and provide installation of solar heating systems for low-income families. An energy budget and cost savings calculation must be provided and, to the extent possible, the solar panel fabrication must be done in Minnesota.	\$250,000	\$250,000		
Youth-Led Renewable Energy and Energy Conservation in West Central and Southwest Minnesota <i>For an agreement with Prairie Woods Environmental Learning Center</i> To initiate youth-led renewable energy and conservation projects in over thirty communities in west central and southwest Minnesota.	\$123,000	\$123,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities, continued				
Experiential Environmental Education for Urban Youth <i>For an agreement with Hennepin County</i> To initiate new environmental education programs targeting inner-city youth that provide hands-on, experiential outdoor learning opportunities.	\$354,000	\$354,000		
Pollution Control Agency - Direct	\$412,000	\$413,000		\$825,000
Minnesota Schools Conserving Energy and Water For technical assistance and grants to high school student-led teams to integrate long-term energy and water conservation savings into daily school operations, create model school-utility partnerships, and develop student leadership. In partnership with Metro Clean Energy Resource Team (CERTs) and the University of Minnesota.	\$412,000	\$413,000		
Water and Soil Resources Board - Direct	\$932,000	\$933,000		\$1,865,000
Completion of a Statewide Digital Soil Survey To accelerate the completion of county soil survey mapping and Web-based data delivery. Soil surveys are done on a cost-share basis with local and federal funds. Soil maps will be completed in Crow Wing, Koochiching, St. Louis, Lake and Cook counties.	\$250,000	\$250,000		
Measuring Conservation Practice Outcomes To improve measurement of impacts of conservation practices through refinement of existing and development of new pollution estimators and by providing local government training.	\$170,000	\$170,000		
Conservation Based Approach for Assessing Public Drainage Benefits To develop an alternative framework for public drainage system assessments to be reduced if associated runoff contributions are reduced, thereby providing an incentive to implement conservation strategies to promote infiltration and reduce runoff.	\$75,000	\$75,000		
Acceleration of Minnesota Conservation Assistance To provide grants to Soil and Water Conservation Districts to provide technical assistance to secure enrollment and retention of private lands in federal and state programs for conservation.	\$250,000	\$250,000		
Northeast Minnesota White Cedar Plant Community Restoration To assess the decline of northern white cedar plant communities in northeast Minnesota, prioritize cedar sites for restoration, and provide cedar restoration training to local units of government.	\$125,000	\$125,000		
Determination of Phosphorous Reduction from Perpetual Easements A joint project of Board of Water and Soil Resources and United States Geologic Survey to evaluate the effectiveness of perpetual easements in reducing phosphorus transport into streams.	\$62,000	\$63,000		
Water and Soil Resources Board - Fiscal Agent Agreement with a Non-state Entity	\$73,000	\$74,000		\$147,000
Recovery of At-Risk Native Prairie Species <i>For an agreement with Martin County Soil and Water Conservation District</i> To collect, propagate, and plant declining, at-risk native species on protected habitat and to enhance private market sources for local ecotype native seed.	\$73,000	\$74,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
Metropolitan Council - Direct	\$1,125,000	\$1,125,000		\$2,250,000
Metropolitan Regional Park System For grants for the acquisition of approximately 210 acres within the approved park unit boundaries of the metropolitan regional park system. This appropriation must be matched by at least 40% non-state money.	\$1,125,000	\$1,125,000		
Science Museum of Minnesota, St. Croix Research Station - Direct	\$150,000	\$150,000		\$300,000
Assessment of Changes in Minnesota's Wilderness Lakes To assess recent ecological changes to remote lakes such as longer ice-free seasons, increased levels of dissolved organic carbon, shifts in algal communities, and blue-green algae blooms and determine which types of remote lakes are at most risk from observed and predicted changes in climate conditions.	\$150,000	\$150,000		
Minnesota State Colleges and Universities - Direct	\$60,000	\$60,000		\$120,000
Evaluation of Switchgrass as Biofuel Crop Researchers at Central Lakes College will determine the invasion risk of selectively bred native grasses for biofuel production and develop strategies to minimize the invasion potential and impacts on biodiversity.	\$60,000	\$60,000		
University of Minnesota - Direct	\$3,439,000	\$3,545,000		\$6,984,000
County Geologic Atlases and Related Hydrogeologic Research A joint effort of the Minnesota Geological Survey (MGS) and the Department of Natural Resources to initiate and continue the county-by-county production of county geologic atlases. MGS will initiate three or more county atlases to provide information essential to sustainable management of ground water resources by defining aquifer boundaries. The DNR will complete atlases in Anoka, Blue Earth, Clay, Nicollet, Renville, Sibley, and Wright counties to document the connection of aquifers to the land surface and surface water resources. This appropriation represents a continuing effort to complete the county geologic atlases throughout the state. Funding to the Department of Natural Resources (\$600,000) is included in the "Department of Natural Resources - Direct" section.	\$600,000	\$600,000		
Minnesota Breeding Bird Atlas - Phase III A joint effort of University of Minnesota Duluth Natural Resources Research Institute (NRRI) and Audubon Minnesota to continue development of a statewide survey of Minnesota breeding bird distribution and create related publications to guide protection and conservation efforts, including a book and online atlas with distribution maps and breeding status. The atlas must be available for downloading on the Internet free of charge. Funding for National Audubon Society on behalf of Minnesota Audubon (\$228,000) is included in the "Department of Natural Resources - Fiscal Agent Agreements with Non-state Entities" section.		\$102,000		
Canada Lynx Recovery Options For the University of Minnesota Duluth Natural Resources Research Institute (NRRI) to develop environmentally and economically sound solutions to restoring the Canada lynx population.	\$25,000	\$25,000		
Conserving Prairie Plant Diversity and Evaluating Local Adaptation To research and develop a scientific basis for identifying adapted seed sources for restoring genetic diversity of plants of the Minnesota tallgrass prairie.	\$262,000	\$263,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
University of Minnesota – Direct, continued	\$3,439,000	\$3,545,000		\$6,984,000
Prairie Management for Wildlife and Bioenergy - Phase II To continue research and evaluate different harvesting regimes and methods of managing diverse working prairies for maximum wildlife benefit and renewable bioenergy production.	\$475,000	\$475,000		
Evaluation of Biomass Harvesting Impacts on Minnesota's Forests To assess the impacts biomass harvests for energy have on soil nutrients, native forest vegetation, invasive species spread, and long-term productivity within Minnesota forests.	\$175,000	\$175,000		
Change and Resilience in Boreal Forests in Northern Minnesota To assess the potential response of northern Minnesota's coniferous forests to observed and predicted changes in climate conditions and develop related management guidelines and adaptation strategies.	\$100,000	\$100,000		
Strengthening Natural Resource Management with LiDAR Training To provide workshops and Web-based training and information on the use of LiDAR elevation data to natural resource professions to be used in improved and more precise planning for and managing natural resources.	\$90,000	\$90,000		
Understanding Threats, Genetic Diversity, and Conservation Options for Wild Rice To research the genetic diversity of wild rice populations throughout Minnesota for use in related conservation and restoration efforts. This appropriation is contingent upon demonstration of review and cooperation with the Native American tribal nations in Minnesota.	\$97,000	\$98,000		
Assessment of Tree Retention Foresting Harvest Guidelines For the University of Minnesota Duluth Natural Resources Research Institute (NRRI) to evaluate the effect of Minnesota's forest management guidelines for tree retention on wildlife populations.	\$50,000	\$50,000		
Lake Superior Water Quality Monitoring For the Large Lakes Observatory at the University of Minnesota Duluth to assess ecosystem health and water quality of Lake Superior waters in response to environmental stresses, including invasive species, using the research vessel <i>Blue Heron</i> .	\$250,000	\$250,000		
Trout Stream Springshed Mapping in Southeast Minnesota - Phase III A joint project of the University of Minnesota and the Department of Natural Resources to continue to identify and delineate water supply areas and springsheds for springs serving as cold water sources for trout streams and to assess the impacts from development and water appropriations. Funding to the Department of Natural Resources (\$220,000) is included in the "Department of Natural Resources - Direct" section.	\$140,000	\$140,000		
Mississippi River Water Quality Assessment To assess water quality in the Mississippi River using DNA sequencing approaches and chemical analyses. The assessments shall be incorporated into a Web-based educational tool for use in classrooms and public exhibits.	\$278,000	\$279,000		
Wastewater Phosphorous Filtration Using Recycled By-Products For the University of Minnesota Duluth Natural Resources Research Institute (NRRI) to evaluate the use of recycled iron by-products and waste products for wastewater filtration to remove phosphorus from surface water.	\$85,000	\$85,000		

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES (LCCMR)

FY 2012 – FY 2013 Environment And Natural Resources Trust Fund Recommendations

Project Title	ENRTF FY 2012	ENRTF FY 2013	LAWCON FY 2012	Agency Total
University of Minnesota – Direct, continued				
Improved Detection of Harmful Microbes in Ballast Water For the University of Minnesota Duluth to identify and analyze potentially harmful bacteria transported into Lake Superior through ship ballast water discharge.	\$125,000	\$125,000		
Emerald Ash Borer Landscape Management Impacts To research impacts of insecticides used for managing emerald ash borers on water quality and other non-targeted insects and birds.	\$170,000	\$170,000		
Addressing Ozone Pollution in Minnesota To research ozone pollution and exposure in Minnesota and examine the effectiveness and environmental equity of potential control options. This research complements research being done by the Minnesota Pollution Control Agency.	\$125,000	\$125,000		
Low Environmental Impact Sustainable Neighborhoods To assess the feasibility and conduct preliminary design for a replicable, cost-effective neighborhood-scale district system for energy, water, recycling, and waste that optimizes conservation and efficiency.	\$125,000	\$125,000		
Minnesota Junior Master Naturalist Program To expand the junior naturalist after-school programs, in cooperation with the Department of Natural Resources.	\$182,000	\$183,000		
Eagles Linking Students to Science and Nature To engage students in exploring science and nature through curriculum built on real-life case studies of raptors treated at The Raptor Center and eagles tracked for post-release monitoring.	\$85,000	\$85,000		
Legislative-Citizen Commission on Minnesota Resources - Direct	\$591,000	\$591,000		\$1,182,000
Legislative-Citizen Commission on Minnesota Resources (LCCMR) For administration as provided in Minnesota Statutes, section 116P.09, subdivision 5.	\$591,000	\$591,000		
Legislative-Citizen Commission on Minnesota Resources - Fiscal Agent Agreement with DNR for Contract Services	\$110,000	\$110,000		\$220,000
Contract Administration <i>For an agreement with the Department of Natural Resources</i> For expenses incurred for contract fiscal services for DNR fiscal agent agreements with non-state entities.	\$110,000	\$110,000		

Lessard-Sams Outdoor Heritage Council

FY 2012 – FY 2013 Outdoor Heritage Fund Recommendations

The Minnesota Constitution (Article XI, Section 15) creates the Outdoor Heritage Fund; it is one of four funds created when the Clean Water, Land and Legacy Amendment passed by the voters on November 4, 2008 election. The Lessard-Sams Outdoor Heritage Council was established by the Legislature to provide annual Outdoor Heritage Fund appropriation recommendations to the legislature. The Council recommendations must take into consideration the Minnesota Conservation and Preservation Plan findings directly relating to restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie. Uses of the fund must supplement and must not substitute for traditional sources of funding.

The Council and Outdoor Heritage Fund statutes are in found in MS 97A.056.

The LSOHC annually publically seeks requests for use of the funds consistent with Council priorities. Based on a Call for Request, the Council recommends appropriations to the legislature, funding programs consistent with Council visions and priorities. The core of the Council recommendations focuses on funding programs, rather than individual projects. By funding programs with goals consistent with Council priorities, the Council seeks to have a measurable long-lasting impact on the environment and wildlife habitat.

Agency		Amount Recommended	Percentage of the Total Recommendation	
Minnesota Department of Natural Resources		\$70,576,000	81%	\$ 27.3 million is direct to DNR and \$43.2 million is pass-thru agreements as indicated on the chart below.
Board of Water and Soil Resources		\$15,249,000	18%	A majority of this is RIM-WRP funding which brings an estimated federal match of \$20.8 million
Legislative Coordinating Commission		\$1,117,000	1%	For the administration of the Council and management of pass-thru agreements
		\$86,942,000		
Fund Year		Amount Recommended		
Fiscal Year 2012		\$86,471,000		
Fiscal Year 2013		\$471,000		
		\$86,942,000		
Project Name	For an agreement with	FY2012 Recommendation	FY2013 Recommendation	Description
Minnesota Department of Natural Resources		\$70,576,000		
WMA, SNA, Prairie Bank Easement Acquisition, Phase 3		\$3,931,000		(1) acquire land in fee for wildlife management area purposes, (2) acquire land in fee for scientific and natural area purposes, (3) acquire native prairie bank easements
Accelerated Prairie Restoration and Enhancement on DNR Lands, Phase 3		\$1,652,000		to accelerate the restoration and enhancement on wildlife management areas, scientific and natural areas, and land under native prairie bank easements
Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition, Phase 3	The Nature Conservancy	\$1,720,000		to acquire land or permanent easements within the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge

Lessard-Sams Outdoor Heritage Council

FY 2012 – FY 2013 Outdoor Heritage Fund Recommendations

Project Name	For an agreement with	FY2012 Recommendation	FY2013 Recommendation	Description
Minnesota Department of Natural Resources, continued				
Minnesota Prairie Recovery Project, Phase 2	The Nature Conservancy	\$4,500,000		to acquire native prairie and savanna and restore and enhance grasslands and savanna
Cannon River Headwaters Habitat Complex	Trust for Public Land	\$1,533,000		to acquire and restore lands in the Cannon River watershed for wildlife management area purposes
Accelerating the Wildlife Management Area Program, Phase 3	Pheasants Forever, Inc.	\$5,500,000		to acquire prairie and other habitat areas for wildlife management area purposes
Accelerating the Waterfowl Production Area Program, Phase 3	Pheasants Forever in cooperation with the United States Fish and Wildlife Service	\$9,815,000		to accelerate the acquisition of wetlands and grasslands to be added to the waterfowl production area system in Minnesota
Green Corridor Legacy Program, Phase 3	Redwood Area Development Corporation	\$1,771,000		to acquire land for wildlife management area purposes
Minnesota Forests for the Future, Phase 2		\$5,409,000		to acquire forest and wetland habitat through working forest easements and fee acquisition under the Minnesota forests for the future program
La Salle Lake: Protecting Critical Mississippi Headwaters Habitat	The Trust for Public Land	\$4,632,000		to acquire land adjacent to La Salle Lake in Hubbard County
DNR Accelerated Forest Habitat Enhancement, Phase 2		\$826,000		to restore and enhance lands in state forests
Northeastern Minnesota Sharp-Tailed Grouse Habitat Partnership, Phase 2	Pheasants Forever in cooperation with the Minnesota Sharp-Tailed Grouse Society	\$988,000		to acquire and enhance lands for wildlife management area purposes
Lower Mississippi River Habitat Partnership, Phase 2		\$707,000		to acquire and enhance habitat in the Lower Root and Lower Zumbro river watersheds
Protect Key Forest Habitat Lands - Cass County, Phase 2	Cass County	\$604,000		to acquire land in fee for forest wildlife habitat
State Forest Acquisition		\$1,205,000		to acquire land in fee and permanent management access easement for state forests purposes
Wetlands and Shallow Lakes, Phase 3		\$936,000		to develop engineering designs for shallow lakes and wetlands and restore and enhance shallow lakes
Shallow Lake Shoreland Protection: Wild Rice Lakes, Phase 2	Ducks Unlimited (\$291,000), BWSR (\$1,100,000), and DNR (\$500,000)	\$1,891,000		to acquire wild rice lake shoreland habitat in fee and as permanent conservation easements
DNR Aquatic Habitat Program, Phase 3		\$6,500,000		to acquire interests in land in fee or permanent conservation easements for aquatic management areas
Coldwater Fish Habitat Enhancement Program, Phase 3	MN Trout Unlimited	\$1,533,000		to restore and enhance trout streams
Land Addition to Janet Johnson Memorial WMA	Chisago County	\$577,000		to acquire land in fee to be added to the Janet Johnson Memorial wildlife management area
Metro Big Rivers Habitat, Phase 2	Minnesota Valley National Wildlife Refuge Trust, Inc (\$960,000); Great River Greening (\$150,000); Minnesota Land Trust (\$840,000); Friends of the Mississippi River (\$150,000); Trust for Public Land (\$2,900,000)	\$5,000,000		to acquire interests in land in fee or permanent conservation easement and restore, and enhance natural systems associated with the Mississippi, Minnesota, and St. Croix rivers
Protecting Sensitive Shorelands in North Central Minnesota, Phase 2	Leech Lake Area Watershed Foundation (\$339,000), MN Land Trust (\$840,000) and DNR (\$18,000)	\$1,098,000		to pay for acquisition-related expenses and monitoring costs of donated permanent conservation easements on sensitive shore lands in north central Minnesota

Lessard-Sams Outdoor Heritage Council

FY 2012 – FY 2013 Outdoor Heritage Fund Recommendations

Project Name	For an agreement with	FY2012 Recommendation	FY2013 Recommendation	Description
Minnesota Department of Natural Resources, continued				
Restoring Native Habitat and Water Quality to Shell Rock River, Phase 2	Shell Rock River Watershed District	\$2,577,000		to acquire land in fee at the headwaters of the Shell Rock River for aquatic management area purposes
Outdoor Heritage Conservation Partners Legacy Grants Program - FY2012		\$5,629,000		to provide competitive, matching grants of up to \$400,000 to local, regional, state, and national organizations to enhance, restore, or protect of forests, wetlands, prairies, and habitat for fish, game, or wildlife in Minnesota
Technical Assistance Panel		\$42,000		to conduct up to ten restoration audits
Board of Water and Soil Resources		\$15,249,000		
Reinvest in Minnesota Wetlands Reserve Program Partnership, Phase 3	in cooperation with United States Department of Agriculture Wetlands Reserve Program	\$13,000,000		to acquire permanent conservation easements and restore wetlands and associated upland habitat in cooperation with the United States Department of Agriculture Wetlands Reserve Program. Federal match is estimated at \$20.8 million.
Minnesota Buffers for Wildlife & Water	in cooperation with Pheasants Forever	\$2,249,000		to acquire permanent conservation easements to enhance habitat by expanding riparian wildlife buffers on private land
Legislative Coordinating Commission		\$646,000	471,000	
Contract Management		\$175,000		to contract with the commissioner of natural resources for expenses incurred for contract fiscal services for the agreements specified in this section. The contract management services must be done on a reimbursement basis.
Legislative Coordinating Commission		\$471,000	471,000	for administrative expenses of the Lessard-Sams Outdoor Heritage Council and for two years of compensation and expense reimbursement of council members
Total Recommendations		\$86,471,000	471,000	

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5

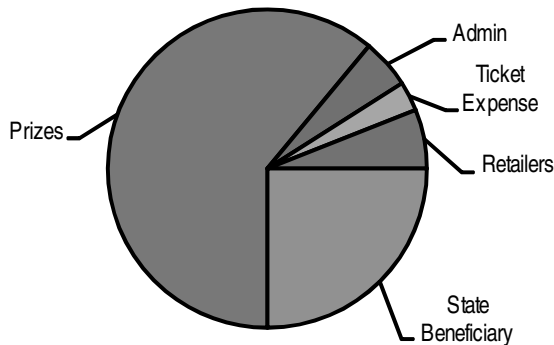
Agency Purpose

The Minnesota State Lottery exists to provide revenue for state programs as identified by the Minnesota Constitution and the legislature. The Lottery does so by offering games of chance to Minnesota adults in accordance with M.S. Chapter 349A.

At a Glance

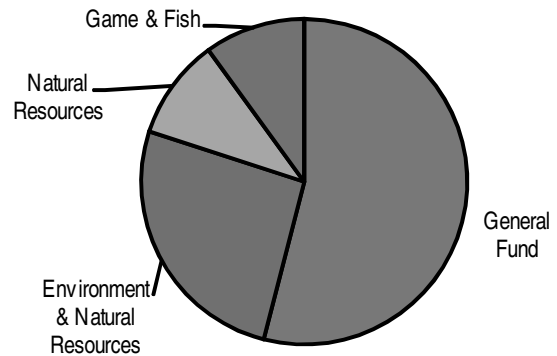
- In FY 2010 the Minnesota State Lottery generated \$122.5 million for state programs from sales of \$499 million. Both figures were the highest recorded in the Lottery's 20 year history.
- Of the money generated for state programs, the General Fund received \$65.5 million while three environmental funds received a total of \$54.7 million.
- Since April 1990 the Lottery has raised \$1.9 billion for state programs.
- The Lottery does not receive an appropriation. Operating expenses are paid from the sales revenue taken in.
- Administrative expenses as a percentage of income have declined from 8.9% in FY 2003 to 5.1% in FY 2010.
- The Lottery's 3,000 retail partners received \$30 million in commissions and incentives.
- More than two out of three Minnesota adults have purchased a lottery ticket.

FY 2010 Lottery Revenue Distribution



Source: Minnesota State Lottery

FY 2010 Lottery Beneficiaries



Source: Minnesota State Lottery

Strategies

The Lottery seeks to maximize revenue to the state by:

- Attempting to create games of chance that appeal to a wide variety of customers. Over 50 new scratch games are introduced every year along with a portfolio of lotto games.
- Working with a network of 3,000 retail outlets throughout the state to make these games available to consumers.
- Creating marketing and promotional strategies that make consumers aware of these product offerings in a way that depicts the Lottery as fun and entertaining.
- Working with other states where appropriate to develop joint product offerings such as Powerball.

Operations

The Lottery is managed by a director appointed by the governor with the advice and consent of the senate. The Lottery employs approximately 140 people who work in the following six divisions:

- **Executive** includes the director’s office and the office of research and planning;
- **Finance** provides accounting and budget services;
- **Legal** includes legal services, human resources, and purchasing and contracting;
- **Marketing** is responsible for retailer service, promotions, advertising, customer relations, and public relations;
- **Operations** provides computer and telecommunications services, conducts drawings, and is responsible for product design; and
- **Security** protects against internal and external lottery fraud, oversees ticket and equipment distribution, and prevents compromise of the games.

Lottery tickets are sold through a network of approximately 3,000 retail stores located in more than 650 Minnesota cities. These retailers are most commonly convenience or grocery stores, though many other business types are represented. They earn a commission on the sale of lottery games and are our primary contact with the lottery-playing public.

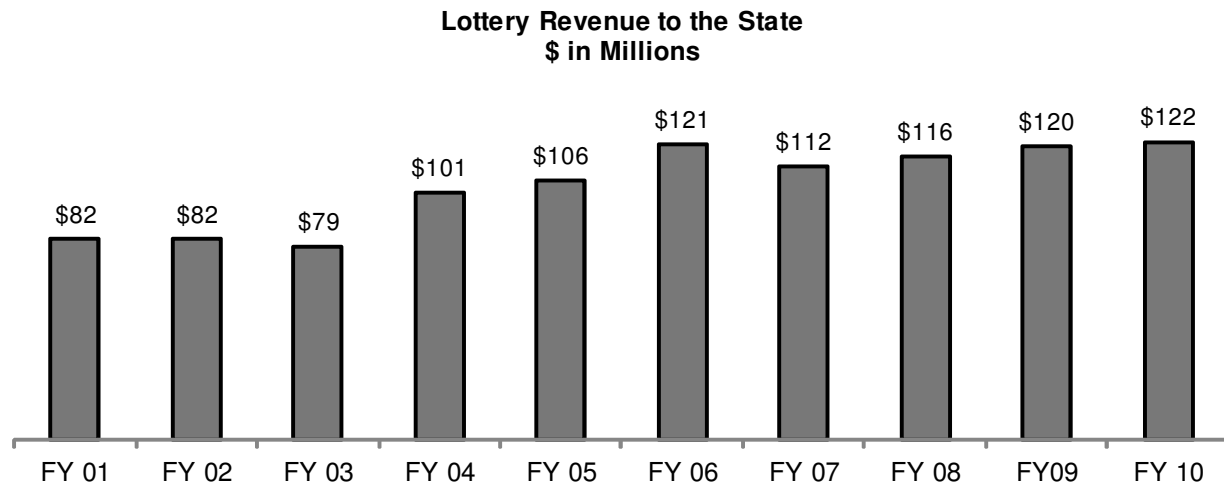
Key Goals & Measures

Lottery success is primarily measured by the revenue returned to the state for the designated beneficiaries. In seeking to maximize revenue, the Lottery must also consider security, integrity, social impact, and the broader policy concerns of the state.

Other measures are not ends in themselves but rather means by which revenues are maximized. These include:

- Administrative costs as a percentage of sales. This has dropped from 8.9% in FY 2003 to 5.1% in FY2010. While the Lottery is cognizant of the need to carefully monitor operating expense, we will also not hesitate to make investments that will lead to future revenue growth.
- Customer participation. In any given year, about half of the state’s adults will make a lottery purchase.
- Public and customer opinion. We annually survey citizens, including both customers and non-customers, about their perceptions of the Lottery. For example, in February 2008 59% of the state’s adults agreed that the Lottery “makes a positive contribution to the State of Minnesota,” while 19% disagreed and 22% didn’t know.

Budget Trends



Source data for the previous chart is the Minnesota State Lottery.

Lottery sales and revenues have steadily increased over the past several years, with FY 2010 setting records for both sales and revenue to the state. Since FY 2003 sales have grown by 42% while revenue to the state has increased by 54%. We believe the increase stems from greater attention to return on investment, a better understanding of our customers, a better selection of products, more effective marketing and promotions, and strategic reduction and reallocation to our administrative budget.

The Lottery does not receive an appropriation from the legislature and operating expenses are not part of the general fund. All expenses, including prizes, retailer commissions, and operating expense are paid from the revenue received from the sale of lottery games. Most of these expenses are directly proportional to sales. The legislature does, however, set a cap on how much money can be spent for administrative expenses. For FY 2011 administrative expenses may not exceed \$28.7 million. In addition, operating expenses may not exceed 9% of total income. Actual FY 2010 operating expenses were 5% of total income.

Several external factors will affect lottery revenues in the coming years. Among these are changes in the retail environment from traditional retailers to "big box" stores and online sales of items such as groceries. In addition, traditional lottery products lack appeal to young adults. New products and distribution channels will be needed to appeal to the emerging generation of consumers.

Contact

Minnesota State Lottery
2645 Long Lake Road
Roseville, Minnesota 55113

Web site: <http://www.mnlottery.com>

Phone: (651) 635-8211
Fax: (651) 297-7496
E-mail: lottery@mnlottery.com

**Preliminary Agency Budget Brief
(\$ in thousands)**

	Actual FY2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
Revenue						
Scratch Ticket Sales	\$338,114	\$328,000	\$340,000	\$345,000	\$345,000	\$345,000
Online Ticket Sales	160,855	188,900	190,400	195,400	195,400	195,400
Total Sales Revenue	498,969	516,900	530,400	540,400	540,400	540,400
Less In-Lieu-of-Sales Tax	32,433	33,599	34,476	35,126	35,126	35,126
Gross Receipts	466,536	483,302	495,924	505,274	505,274	505,274
Non-operating Income	224	800	603	603	603	603
Gross Revenue	466,760	484,102	496,527	505,877	505,877	505,877
Direct Costs						
Prize Expense	305,151	313,422	320,790	326,160	326,160	326,160
Unclaimed Prizes Paid to State Treasury	9,211	8,445	9,170	9,270	9,270	9,270
Compulsive Gambling from Prize Fund	2,230	2,071	2,005	2,005	2,005	2,005
Retailer Commissions and Incentives	29,953	30,910	31,840	32,440	32,440	32,440
Ticket Costs	7,355	7,052	7,275	7,275	7,275	7,275
Online/Print-N-Plan(Generation 3) Expense	8,930	10,066	9,547	9,727	9,727	9,727
Total Direct Costs	362,830	371,966	380,627	386,877	386,877	386,877
Operating Expense						
Advertising	6,981	6,500	6,408	6,408	6,500	6,500
Promotions	1,626	2,200	2,331	2,331	2,500	2,500
Game Development/New Initiatives	0	0	500	500	500	500
Salaries and Benefits	10,974	11,600	11,600	11,832	12,187	12,553
Occupancy Costs	1,293	1,508	1,507	1,552	1,599	1,647
Communications	528	545	546	546	546	546
Purchased Services	1,729	1,621	1,649	1,649	1,649	1,649
Depreciation	740	800	856	856	856	856
Supplies and Materials	875	948	1,146	1,146	1,146	1,146
Other	809	1,168	1,172	1,172	1,172	1,172
Total Operating Expense	25,555	26,890	27,715	27,992	28,655	29,068
Net Proceeds	\$ 78,375	\$ 85,246	\$ 88,185	\$ 91,008	\$ 90,345	\$ 89,932
Total Full-Time Equivalent (FTE)	148	148	148	148	148	148

LOTTERY

Agency Overview

	Actual 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
PAID TO STATE BENEFICIARY						
General Fund						
	\$	\$	\$	\$	\$	\$
In-Lieu-of-Sales Tax	8,942	9,263	9,505	9,684	9,684	9,684
Net Proceeds	47,025	51,148	52,911	54,605	54,207	53,959
Unclaimed Prizes	9,211	8,445	9,170	9,270	9,270	9,270
Compulsive Gambling from Prize Fund	2,230	2,071	2,005	2,005	2,005	2,005
Gambling Enforcement from Operations	0	0	0	0	0	0
Total General Fund	67,408	70,928	73,591	75,564	75,167	74,918
Envir. and Natural Resources Fund						
Net Proceeds	31,350	34,098	35,274	36,403	36,138	35,973
Unclaimed Prizes	0	0	0	0	0	0
Total Envir and Natural Resources Fund	31,350	34,098	35,274	36,403	36,138	35,973
Game and Fish Fund	11,746	12,168	12,485	12,721	12,721	12,721
Natural Resources Fund	11,746	12,168	12,485	12,721	12,721	12,721
	\$	\$	\$	\$	\$	\$
TOTAL PAID TO STATE BENEFICIARY	122,248	129,362	133,836	137,409	136,746	136,333
% of sales to State	25%	25%	25%	25%	25%	25%

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Convert To Dedicated Funding.....	7
⇒ Codify Fee Structure.....	8
Agency Revenue Summary Fiscal Page	9
⇒ Designates that this item is a change item	

Agency Purpose

The Minnesota Board of Marriage and Family Therapy acts as the official licensure agency for marriage and family therapists. The purpose of the board is to protect the public by ensuring that licensees comply with the board’s rules and practice in a professional, legal and ethical manner per Minnesota Statutes 148B.01 – 148B.39 and Minnesota Rules 5300.0100-0350.

The mission of the board is to protect the public through licensure of qualified professionals and to provide timely and impartial resolution of complaints against licensees by:

- granting licensure to individuals who meet the statutory education, employment, and ethical requirements and who pass both the national and oral examination as required by rule;
- establishing and implementing procedures designed to assure that licensed marriage and family therapists comply with the board's rules;
- reviewing complaints of alleged violations of statutes and rules, holding disciplinary conferences with licensees, and taking legal action to condition, suspend or revoke the licenses of therapists who fail to meet standards;
- studying and investigating the practice of marriage and family therapy within the state in order to improve the standards imposed for the licensing of marriage and family therapists and to improve the procedures and methods used for enforcement of the board's standards; and
- providing information and education about licensure requirements and standards of practice to the public, faculty and students and other interested parties.

At a Glance

(annual data as of 6/30/10)

Licensing

- 1259 Licensed Marriage & Family Therapists
- 280 Lic. Associate Marriage & Family Therapists
- three Professional Firms Registered

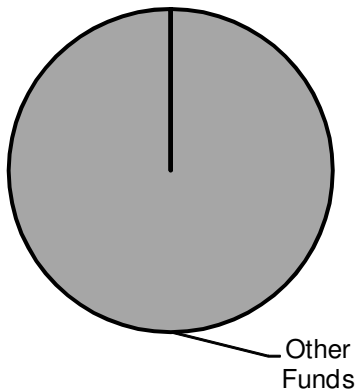
Professional Development/Continuing Education

- 274 board approved continuing education programs for licensees

Complaints & Discipline

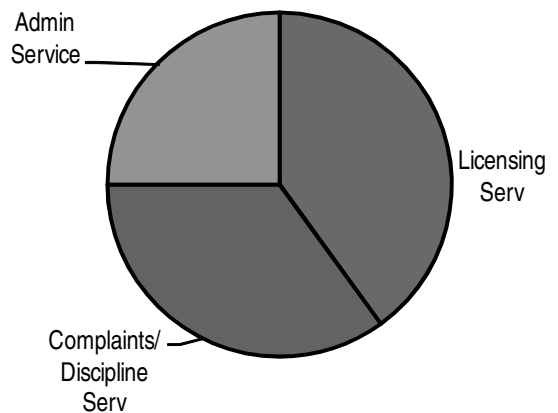
- Investigate 30 complaints against regulated marriage & family therapist professionals
- Resolve seven complaints through corrective action
- Resolve one complaint through disciplinary action

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Service



Source: Board expenses allocated to the services provided by the board.

Strategies

Core functions of the board are established to protect the public by ensuring that professionals comply with the board’s rules and practice in a professional, legal, and ethical manner. The board’s core functions are:

- Establishing minimum standards for initial licensure (education, testing, etc)

- Ensuring that those who are awarded a professional credential by the board continue to meet established standards throughout their careers
- Identifying those who fail to maintain the minimum standards necessary to render quality care safely to patients
- Responding to complaints and taking timely and appropriate disciplinary or corrective actions when warranted
- Providing accurate and current information to the public to enable them to make informed decisions about marriage & family therapists.

Operations

- Licensure affects marriage and family therapists who are mental health professionals trained in psychotherapy and family systems, and licensed to diagnose and treat mental and emotional disorders within the context of marriage, couples, and family systems.
- The board consists of seven members and normally meets on the third Friday of each month.

Key Activity Goals & Measures

The Minnesota Board of Marriage & Family Therapy operates under goals that are consistent with *Minnesota Milestones* that promote the health of Minnesotans and the cost effectiveness of government by designing services to meet the needs of Minnesotans through appropriate regulation of professions.

The board continually reviews and evaluates its systems to ensure the relevance of board regulations, enhance communications with the public and licensees, and to maximize efficiencies and effectiveness.

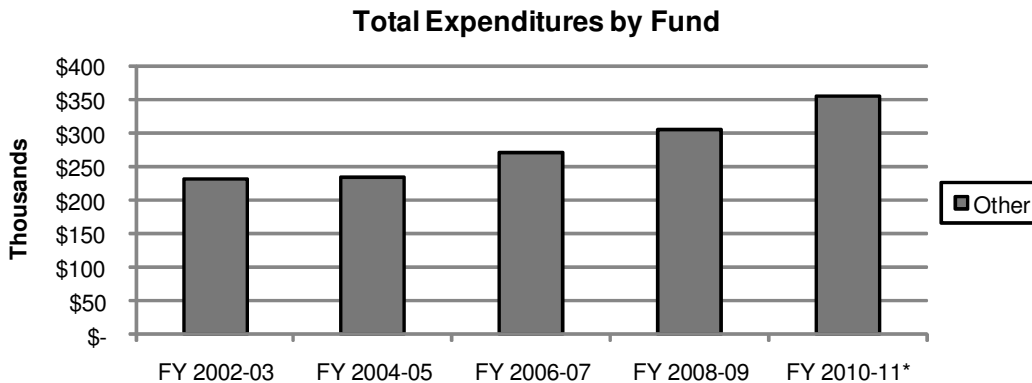
Key Measures

- Public protection – the board’s website offers several services to the public including access to information on complaint process and obtaining forms and information regarding how to file a complaint, viewing individual licensee disciplinary history.
- Online services – the board offers address and contact information changes, license renewals, information for licensees and applicants. All board forms and printed material may be downloaded.
- Public information – board website, online license verification, presentations, public outreach, brochures, real people answering the phone and replying to email during business hours.
- Currently the board has 73% of its licensees using the online renewal service.
- An ongoing survey of 12 academic institutions training students for Minnesota licensure shows 800 current enrollees.

Budget Trends Section

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$547,000 in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$366,000. The chart below shows funding trends over the last five biennia for the direct and open appropriation.



* FY 2010-11 is estimated, not actual; Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 7/31/10.

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include legal support (Attorney General), statewide e-licensing system development and operations (Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services Unit) and funding for services to health professionals (Health Professionals Services Program). In FY 2010-11, some of the health boards' reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board's Direct and Open Appropriations	\$ 366
Board's External Support Costs and Transfers (prorated Share)	
• Attorney General support	41
• E-licensing support	18
• Central administrative service unit	20
• Health professional service program	5
• General fund transfer	218
	Total 668
 Fees Collected by Board	 \$547
	Prorated Surplus/(Deficit) (121)

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund. It should be noted here that the FY 2010-11 transfers to the General Fund, along with unanticipated increases in the support costs discussed above, have resulted in the board's fee revenue not covering its prorated costs and transfers.

The number of licensees regulated by the board continues to rise, as do the number of complaints and the complexity of the cases.

Contact

Board of Marriage & Family Therapy
2829 University Avenue South East, Suite 330
Minneapolis, Minnesota 55414-3222

The website at: <http://www.bmft.state.mn.us> gives visitors easy access to useful information about marriage and family therapy. Types of information available through the website include: regulatory news and updates, rules and Minnesota statutes, public notices, and forms. License renewals and address changes may be done online and the public may file complaints on line. All board forms and printed materials may be download from this site

E-mail: mft.board@state.mn.us
Phone: (612) 617-2220
Fax: (612) 617-2221

Jennifer L. Mohlenhoff, Executive Director

MARRIAGE & FAMILY THERAPY BD

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
State Government Spec Revenue					
Current Appropriation	184	159	159	159	318
Recommended	184	159	0	0	0
Change		0	(159)	(159)	(318)
% Biennial Change from 2010-11					-100%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
State Government Spec Revenue	139	215	0	0	0
Open Appropriations					
State Government Spec Revenue	2	0	0	0	0
Statutory Appropriations					
State Government Spec Revenue	0	0	323	346	669
Total	141	215	323	346	669
 <u>Expenditures by Category</u>					
Total Compensation	103	108	71	75	146
Other Operating Expenses	38	107	252	271	523
Total	141	215	323	346	669
 <u>Expenditures by Program</u>					
Marriage And Family Therapy, B	141	215	323	346	669
Total	141	215	323	346	669
 Full-Time Equivalents (FTE)	 1.4	 1.5	 1.6	 1.6	

MARRIAGE & FAMILY THERAPY BD

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
FY 2011 Appropriations	159	159	159	318
Subtotal - Forecast Base	159	159	159	318
Change Items				
Convert to Dedicated Funding	0	(159)	(159)	(318)
Total Governor's Recommendations	159	0	0	0
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Open Spending	0	10	10	20
Change Items				
Convert To Dedicated Funding	0	(10)	(10)	(20)
Total Governor's Recommendations	0	0	0	0
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Statutory Spending	0	0	0	0
Change Items				
Convert to Dedicated Funding	0	323	346	669
Total Governor's Recommendations	0	323	346	669

MARRIAGE & FAMILY THERAPY BD

Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
Direct Appropriated Account				
Expenditures	\$(159)	\$(159)	\$(159)	\$(159)
Non-Dedicated Revenue	(323)	(346)	(346)	(346)
Open Appropriated Account				
Expenditures	(35)	(35)	(35)	(35)
Dedicated Account				
Expenditures	323	346	346	346
Dedicated Revenue	323	346	346	346
Transfer In	210	0	0	0
Net Fiscal Impact	\$364	\$177	\$177	\$177

Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

Statutory Change: Minnesota Statutes Chapter 148

MARRIAGE & FAMILY THERAPY BD

Change Item: Codify Fee Structure

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends that the Board of Marriage and Family Therapy codify its current fee structure in Minnesota Statutes, chapter 148B, the board's enabling statute. Prior to 2002, the Board's fees were listed in Minnesota Rules 5300.0360. In 2002, fee tables were removed from Minnesota Rules at the directive of the Minnesota Legislature, but the board's fees were not codified in statute. Board revenues, based on the current fee structure, are projected to be \$323,000 for FY 2012. This change item does not increase or decrease current fees.

Rationale

The Board of Marriage and Family Therapy, like the other health-related license boards, is a fee-supported agency that receives no general fund dollars. While the legislature provides a direct appropriation to the board for regulatory costs, the fees assessed to the various board licensees and users of provided services cover all of the board's direct and indirect expenditures.

Formerly, the board's fee structure was contained within Minnesota Rules 5300.0360. Acting upon legislative directive, the board removed its fee structure from Minnesota Rules by repealer during the 2002 legislative session. The board's biennial appropriation and fee authority continues to be authorized by the legislature, but its fee structure is not codified in statute.

Codification of the Board of Marriage and Family Therapy's fee structure in statute will better inform licensees, applicants, and the public of the differing types of fees and fee amounts subject to collection by the Board. This statutory change serves solely to better inform the public; the fee structure remains unchanged.

Key Goals and Measures

The mission of the Minnesota Board of Marriage and Family Therapy is to protect the public through the effective licensure and enforcement of the statutes and rules governing the practice of marriage and family therapy to ensure a standard of competent and ethical practice in the profession.

To fulfill its mission, the board must ensure that information regarding the licensure process for marriage and family therapists is clear, accurate, and available to the public. Codification of its fee structure will aid the board in continuing to provide services in a cost-efficient and customer-centered manner.

Statutory Change: Minnesota Statutes Chapter 148B

MARRIAGE & FAMILY THERAPY BD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	272	299	0	0	0
Other Revenues:					
State Government Spec Revenue	(17)	0	0	0	0
Total Non-Dedicated Receipts	255	299	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
State Government Spec Revenue	0	0	323	346	669
Total Dedicated Receipts	0	0	323	346	669
Agency Total Revenue	255	299	323	346	669

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Programs	
Mayo Medical School	6
Mayo Family Med Residency	8

Agency Purpose

Mayo Clinic aspires to provide the highest quality, compassionate patient care at a reasonable cost through a physician-led team of diverse people working together in clinical practice, education, and research in a unified multi-campus system.

Mayo aims to conduct its interdependent programs of **medical care, research, and education** in keeping with the highest standards of ethics and quality. Fundamental to this pledge is the need to combine the science and art of medicine and technology with personalized care. Excellence in all endeavors with respect for the individual; both patient and employee, is the primary goal.

At a Glance

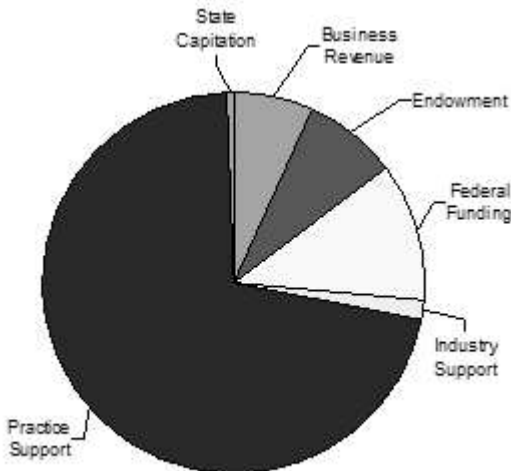
Mayo Family Medicine Residency Program

- The program has provided the state of Minnesota with 95 family physicians, with 43% of these practicing in rural communities.
- In 2009, Mayo Clinic supported 77% of the program and the state capitation appropriation of \$660,000 supported 23% of the program.
- Mayo School of Graduate Medical Education will train Family Medicine Physicians who are committed to improving the health of Minnesotans.

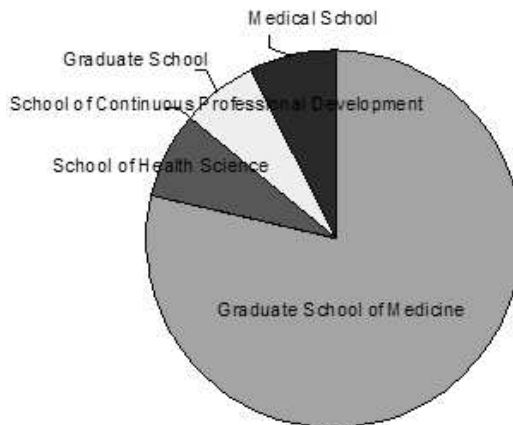
Mayo Medical School

- Mayo Medical School has graduated 1420 physicians since 1976.
- 34% of Mayo Medical School graduates are practicing medicine in Minnesota.
- In the 2009-10 academic year, 44 students received \$14,545 in grants to reduce tuition expenses.
- In 2009-10 the annual tuition at Mayo Medical School was \$31,060 per year.
- Mayo Medical School annually matriculates 50 students. Approximately 20% are from Minnesota.

Sources of Funding for Mayo Clinic Educational Mission: FY 2010-11



Estimated Expenditure by Schools within the College of Medicine: FY 2010-11



Strategies

- Mayo Clinic's Family Medicine Residency program recruits and matriculates talented physicians that are committed to serving the needs of rural Minnesota.
- Mayo Clinic's Family Medicine Residency program will focus on training physicians to improve healthcare quality while reducing costs.
- Mayo Medical School recruits and matriculates high achieving Minnesota undergraduate students who aspire to serve society as physicians by assuming leadership roles in medical practice, education, and research.
- Mayo Medical School focuses on containing educational costs for students to mitigate educational debt which allows students to choose a career in primary care.

Operations

Mayo Clinic operates clinics and hospitals throughout Minnesota with the main facility located in Rochester. Mayo's clinics and hospitals served more than 528,000 patients in 2009. In addition, Mayo Clinic has sites in Arizona, Florida, Iowa, and Wisconsin. Mayo Clinic actively engages in competitive, prioritized, coordinated research programs, which enhance the care of the patient and decrease the burden of disease. In addition to patient care and research activities, Mayo Clinic provides education in the medical sciences amidst a scholarly environment. Mayo Clinic's education of future physicians, medical scientists, and allied health staff contributes to the quality of healthcare at Mayo Clinic and in communities throughout the state of Minnesota and worldwide. The educational activities of Mayo Clinic staff are a key component of Mayo's continuing excellence. The College of Medicine is comprised of five separate schools; Mayo Medical School, Mayo School of Graduate Medical Education, Mayo Graduate School, Mayo School of Health Science, and Mayo School of Continuous Professional Development. Mayo Clinic's annual expenditures toward the mission of the College of Medicine totaled \$264.5 million in calendar year 2009.

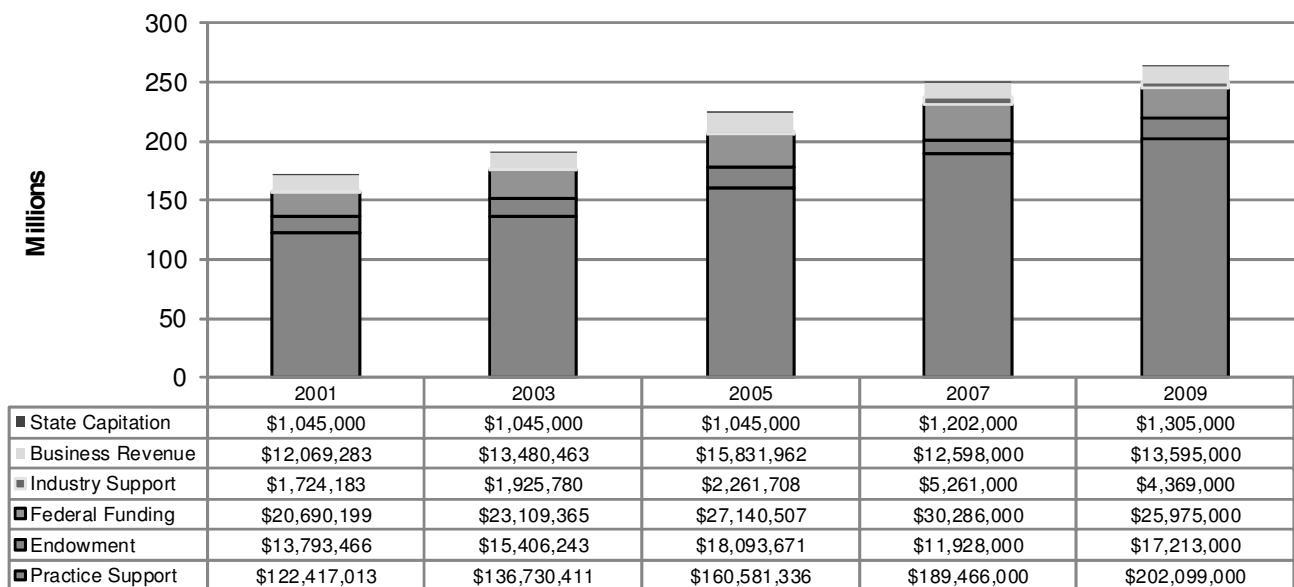
The Mayo School of Graduate Medical Education Family Medicine Residency Program was established in 1978. The program prepares the prospective family physician for primary care practice in all settings with a special emphasis on rural and underserved communities. Funding provided by the state of Minnesota offsets by approximately \$27,440 the cost of resident stipends that average \$48,567 per year. The appropriation for the 2010-11 biennium was \$660,000 in 2010 and \$686,000 in 2011.

The State of Minnesota has provided Mayo Medical School with financial aid for its Minnesota students in the form of capitation support since the opening of the school in 1972. During the 2009-10 academic year each Minnesota student received \$14,545 in state funding to reduce the cost of tuition. The appropriation for the 2010-11 biennium was \$640,000 in 2010 and \$665,000 in 2011.

Budget Trends

Income from current activities, the best indicator of Mayo Clinic's success in funding its overall mission, was \$333 million in 2009. Mayo Clinic makes significant investment in education and research. Total commitment to education was \$264.5 million in 2009, with Mayo funds accounting for \$219 million of this amount. Total expenditure on research reached \$540 million in the same year. Mayo contributed \$216 million to research endeavors.

Mayo Clinic Educational Mission-related Spending by Revenue Category



Mayo Clinic continues to promote the educational mission of the College of Medicine. Mayo is not immune to the issues of reduced funding from both internal and external sources. Significant reductions in Medicare reimbursements threaten the fiscal viability of many residency training programs which directly affects the viability of the educational mission. At present, there is a degree of uncertainty in the external healthcare environment. Although the basic tenets of reform of healthcare legislation are known, the downstream impacts on medical education are yet to be clarified. In the interim, Mayo Medical School and Mayo's Family Medicine Residency Training program continue to seek enrollment of a diverse and high quality class. Learners continue to be encouraged to consider the full range of career options. Reform legislation may become more prescriptive regarding incentives for primary care career choices and mid-level provider training. The long term impact of these actions on the medical education pipeline is still unknown.

Contact

Mayo Clinic
200 First Street Southwest
Rochester, Minnesota 55906
Phone: (507) 284-2511
Website: <http://www.mayo.edu>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,300	1,351	1,351	1,351	2,702
Recommended	1,300	1,351	1,351	1,351	2,702
Change		0	0	0	0
% Biennial Change from 2010-11					1.9%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,300	1,351	1,351	1,351	2,702
Total	1,300	1,351	1,351	1,351	2,702
<u>Expenditures by Category</u>					
Local Assistance	1,300	1,351	1,351	1,351	2,702
Total	1,300	1,351	1,351	1,351	2,702
<u>Expenditures by Program</u>					
Mayo Medical School	640	665	665	665	1,330
Mayo Family Practice	660	686	686	686	1,372
Total	1,300	1,351	1,351	1,351	2,702

Program at a Glance

As of July 2010:

- 49% of matriculants to the Mayo Medical School were from Minnesota.
- 34% of Mayo Medical School graduates are practicing medicine in Minnesota.

Program Description

The mission of the Mayo Medical School is to use the patient centered focus and strengths of the Mayo Clinic to educate physicians to serve society by assuming leadership roles in medical practice, education and research. The curriculum is designed to foster the individual strengths and talents of each student, and to take full advantage of the unique integrated research, education and

practice resources of Mayo Clinic. The school seeks to provide access to a medical education to all students regardless of socioeconomic background. The school also strives to eliminate barriers that may inhibit students from entering the historically lower paying primary care specialties. Finally, Mayo Medical School provides students the opportunity to obtain an excellent medical education that is delivered in a cost efficient manner, and allows these students to graduate unencumbered by a large debt-load.

Population Served

Graduates of undergraduate colleges and universities who are seeking a high quality, affordable medical education are served by this activity.

Services Provided

Mayo Medical School (MMS) was founded in 1972. The small class size, 50 students per class, facilitates a personalized course of instruction characterized by extensive clinical interaction and the integration of basic and clinical sciences throughout all segments of the curriculum. A balance is sought to produce physicians interested in medical subspecialties as well as the primary care disciplines of general internal medicine, family medicine, pediatrics, and obstetrics/gynecology.

Historical Perspective

Mayo Medical School has graduated 1,420 physicians since 1976 and of those, 486 (34%) currently practice medicine in Minnesota. Of the 702 graduates who were originally from Minnesota (and received capitation grants), 326 (46%) have stayed to practice in Minnesota. Since 1972, the legislature has provided grants to Minnesota residents. These capitation grants are used to offset tuition paid by Minnesota students. All state monies are provided directly to Minnesota students to reduce their tuition payment. Tuition for 2010-11 is \$32,660. The FY 2010 state appropriation provided capitation grants of \$12,547 for 53 students.

Key Program Goals & Measures

Goal: Mayo Medical School will produce highly qualified physicians who practice primary care medicine in rural areas.

Measure: The five-year average for the number of Mayo Medical School graduates entering primary care residency programs is 37% (see table below). The national average is 43%.

MMS Class of 2002	MMS Class of 2003	MMS Class of 2004	MMS Class of 2005	MMS Class of 2006	MMS Class of 2007	MMS Class of 2008	MMS Class of 2009	MMS Class of 2010
36%	44%	35%	47%	38%	43%	29%	38%	38%

Measure: As of July 2010, 702 (49%) of the total matriculants to Mayo Medical School were Minnesota residents.

Measure: As of July 2010, 471 (33%) total graduates of Mayo Medical School are practicing medicine in Minnesota.

Goal: Mayo Medical School Graduate will graduate with less educational debt than the national average.

Measure: Mayo Medical School graduates leave school with approximately one-half the national average in educational debt.

Program Funding

The State of Minnesota has provided Mayo Medical School with financial aid for its Minnesota students in the form of capitation support since the opening of the school in 1972. During the 2009-10 academic year each Minnesota student received \$14,545 in state funding to reduce the cost of tuition. The appropriation for the 2010-11 biennium was \$640,000 in 2010 and \$665,000 in 2011.

Contact

David L. Dahlen
Mayo Medical School
200 First Street Southwest
Rochester, Minnesota 55906
Phone: (507) 284-2749
Fax: (507) 266-5298
E-mail:dahlen.david@mayo.edu

Program at a Glance

- Trains family medicine physicians.
- 46% of program graduates are practicing in Minnesota.
- 43% practice in rural areas in Minnesota.
- Graduating residents consistently score above average on board exams. The pass rate on the first attempt is 97%.

Program Description

The Mayo School of Graduate Medical Education Family Medicine Residency Program educates and inspires medical school graduates to pursue careers as family physicians. The program emphasizes training in rural primary care augmented by subspecialty training.

Population Served

In the last 32 years, the program has provided the state of Minnesota with 95 family physicians, with 43% of these

practicing in rural communities. The program is located at the Mayo Family Clinic – Kasson, a rural community in Dodge County, serving a population area of close to 18,000.

Services Provided

The residency training program prepares the prospective family physician for primary care medicine in all settings, with special emphasis on rural or smaller communities. The residents-in-training spend a major portion of their training providing ambulatory, primary, and continuity care to patients. The residents participate fully in the department's population management initiatives to improve the quality, and decrease the cost, of employee/dependent healthcare.

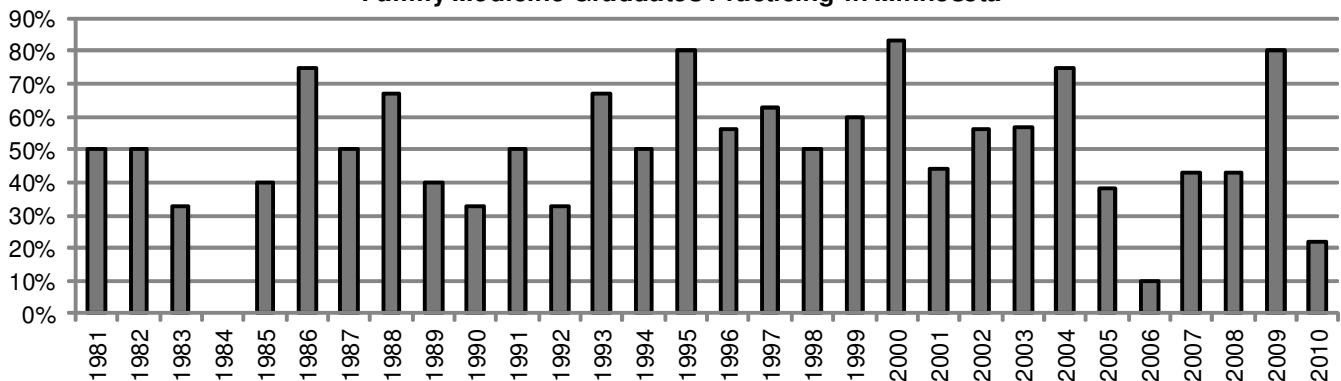
Historical Perspective

The three-year training program was established in 1978, beginning with four residents. It has included a maximum of 25 resident trainees. Over time it has grown in size and success, with all training positions being filled for the past 32 years. The program has graduated 205 family physicians. The Minnesota capitation appropriation has supported residents' training stipends since 1978-79.

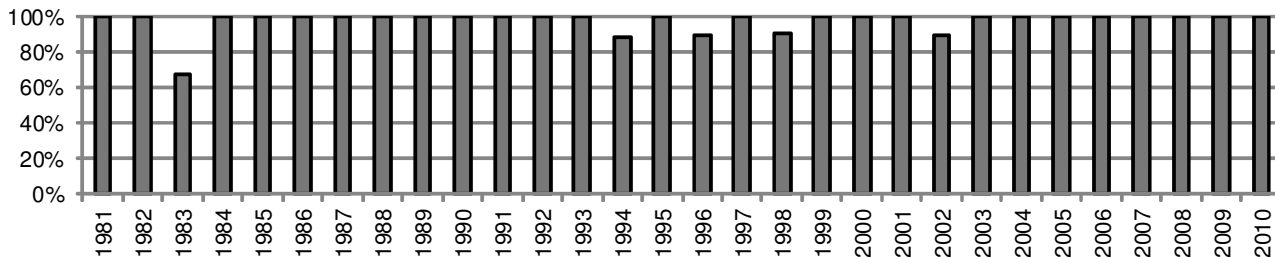
Key Program Goals & Measures

- Mayo School of Graduate Medical Education will train family medicine physicians who are committed to improve the health of Minnesotans.
- Mayo School of Graduate Medical Education will train family medicine physicians who choose careers in rural underserved areas of Minnesota.

Family Medicine Graduates Practicing in Minnesota



Graduates Practicing in Family Medicine Since the Beginning of the Program (1981)



Program Funding

The program's calendar year 2009 operating expenses were \$2.9 million which covered the costs associated with training 25 residents. That year the Mayo Clinic supported 77% of the program and state capitation supported 23% of the program cost. The appropriation for the 2010-11 biennium was \$660,000 in 2010 and \$686,000 in 2011.

Contact

Dr. Robert T. Flinchbaugh
Residency Program Director
200 First Street South West
Rochester, Minnesota 55906
Phone: (507) 284-6805
E-mail: flinchbaugh.robert@mayo.edu

Jodie L. Boone
Administrator
200 First Street South West
Rochester, Minnesota 55906
Phone: (507) 284-2904
E-mail: boone.jodie@mayo.edu

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Revenue Summary Fiscal Page	7

Agency Purpose

The mission of the Minnesota Bureau of Mediation services (BMS) is to promote stable and constructive labor-management relations and promote the use of collaborative processes. Statutory authority for BMS resides in M.S. Chapters 179 and 179A.

At a Glance

Summary data for the Bureau of Mediation Services 2010

Mediation- BMS mediates public and private sector employer-union disputes. Mediation work occurs with new contracts and the interpretation of an existing contract. Issues can include discipline or the payment of overtime wages.

- 893 petitions received
- 1,226 meetings held
- 5 strike notices received

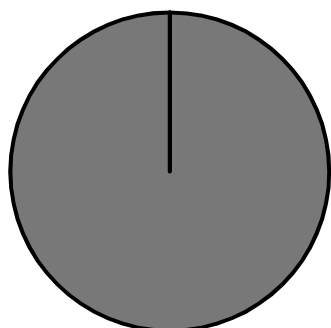
Representation- BMS receives requests for organizing a group of employees into a union (certification) as well as ending a union status (decertification). This work includes determining which employees can be in which bargaining units and the election process.

- 179 petitions received
- 21 hearings held
- 46 elections conducted

BMS' **labor management cooperation** work may include workshops, training or skill building activities. This activity is supported by five labor-management councils across the state which are funded with grants.

- 531 arbitration lists referrals
- 378 cumulative worksite facilitated
- 13 new committees added
- 13 committees facilitated
- 31 total labor management meetings held

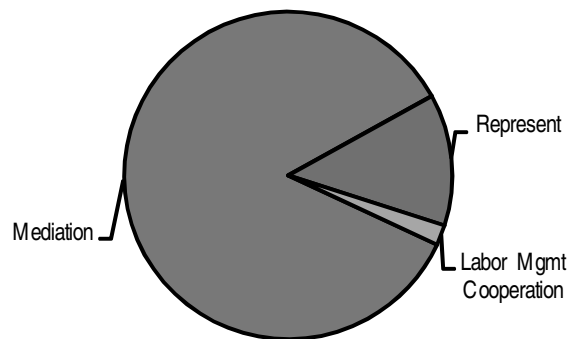
Est. FY 2010-11 Expenditures by Fund



General Fund

Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Program



Source: BMS Case Load Data dated July 2010

Strategies

BMS's primary functions are mediation, representation and arbitration. The functions are accomplished by

- assisting parties in resolving collective bargaining disputes;
- resolving questions of labor union representation and bargaining unit structure;
- supporting training and facilitating joint labor management committees;
- providing technical training; and
- developing and maintaining a roster of labor arbitrators to be utilized as necessary.

Operations

The primary clientele of BMS includes labor organizations and employers (public, nonprofit, and private). Agency services are delivered through:

- mediating collective bargaining disputes;
- determining bargaining units;
- conducting and certifying union representation elections;
- facilitating labor-management committees and awarding grants to area/industry labor-management councils;
- training practitioners in labor relations; and
- offering representation and arbitration decisions to the public

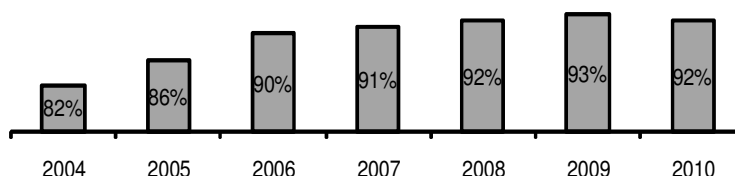
Key Activity Goals & Measures

Key Goals

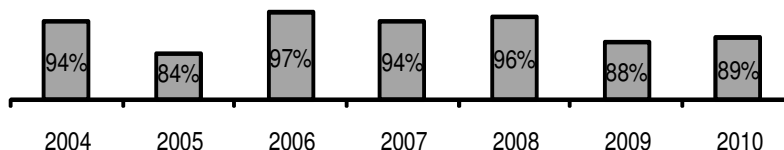
- Resolve contract and grievance disputes peacefully, expeditiously and in a manner that contributes to effective labor-management relations.
- Resolve bargaining unit and other representation disputes consistent with Minnesota laws in a manner that supports effective collective bargaining relationships.

Key Measures

Percentage Of Collective Bargaining Contract and Grievance Disputes Settled Through Mediation Target Goal Is 90%

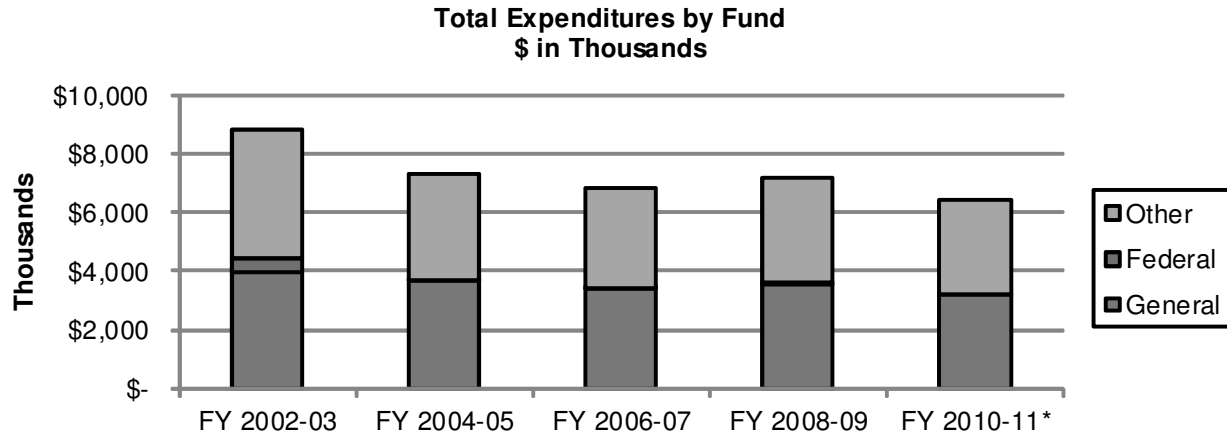


Percentage of Bargaining Unit and Representation Disputes Requiring Elections That Are Processed Within 90 Days Target Goal is 90%



For updated information and a more complete list of the key measurers by which BMS monitors its results, see <http://www.accountability.state.mn.us/Departments/MediationServices/index.htm>

Budget Trends Section



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/30/10.

External Factors Impacting BMS Operations – BMS is experiencing greater uncertainty in contract negotiations as a result of the economic downturn as employers are unwilling to commit to future expenditures and unions are unwilling to accept long-term, no-improvement contracts. Health care has become the number one mediation issue as the employee population ages and employee groups seek greater long-term and retiree guarantees. The passage of federal legislation, such as health care reform bill, can also impact the issues and length of the mediation process.

Contact

Bureau of Mediation Services
1380 Energy Lane, Suite #2
Saint Paul, Minnesota 55108-5253

Office of the Commissioner
(651) 649-5477
Fax: (651) 643-3013
<http://www.BMS.state.mn.us>

MEDIATION SERVICES BUREAU

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	1,635	1,566	1,566	1,566	3,132
Recommended	1,635	1,566	1,584	1,584	3,168
Change		0	18	18	36
% Biennial Change from 2010-11					-1%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,616	1,585	1,584	1,584	3,168
Total	1,616	1,585	1,584	1,584	3,168
<u>Expenditures by Category</u>					
Total Compensation	1,237	1,191	1,204	1,222	2,426
Other Operating Expenses	311	326	312	294	606
Local Assistance	68	68	68	68	136
Total	1,616	1,585	1,584	1,584	3,168
<u>Expenditures by Program</u>					
Mediation Services	1,616	1,585	1,584	1,584	3,168
Total	1,616	1,585	1,584	1,584	3,168
Full-Time Equivalents (FTE)	12.8	12.2	12.8	12.8	

MEDIATION SERVICES BUREAU

Change Summary

Dollars in Thousands

	FY2011	Governor's Recomm.		Biennium 2012-13
		FY2012	FY2013	
Fund: GENERAL				
FY 2011 Appropriations	1,566	1,566	1,566	3,132
Technical Adjustments				
Biennial Appropriations		18	18	36
Subtotal - Forecast Base	1,566	1,584	1,584	3,168
Total Governor's Recommendations	1,566	1,584	1,584	3,168

MEDIATION SERVICES BUREAU

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
General	5	5	5	5	10
Total Non-Dedicated Receipts	5	5	5	5	10
<u>Dedicated Receipts:</u>					
Total Dedicated Receipts	0	0	0	0	0
Agency Total Revenue					
	5	5	5	5	10

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Change Items	7
Agency Change Items	
⇒ Convert To Dedicated Funding.....	8
Agency Revenue Summary Fiscal Page	9
⇒ Designates that this item is a change item	

Agency Purpose

The Board of Medical Practice was established July 1st, 1887, and is mandated by M.S. 214 and M.S. 147.01 to protect the public. In the interest of public health, safety, and welfare, and to protect the public from the unprofessional, improper, incompetent, and unlawful practice of medicine, it is necessary to provide laws and regulations to govern the granting and subsequent use of the license to practice medicine. In addition to physicians, the Board of Medical Practice also regulates six other allied health professions; Acupuncturists, Athletic Trainers, Naturopaths, Physician Assistants, Respiratory Therapists and Traditional Midwives.

The board carries out its mission by granting qualified applicants the privilege to practice in Minnesota and by investigating complaints relating to the competency or behavior of individual licensees or registrants.

At a Glance

Credentialing Services

(as of July 30, 2010) Active Licensees

- 19,972 Physician Licensed
- 1,477 Physician Assistant Licensed
- 391 Acupuncturist Licensed
- 583 Athletic Trainers Licensed
- 11 Traditional Midwives Licensed
- 22 Naturopaths Registered
- 1,693 Respiratory Therapists Licensed
- 327 Telemedicine Licensed
- 477 Professional Firms

Discipline Services

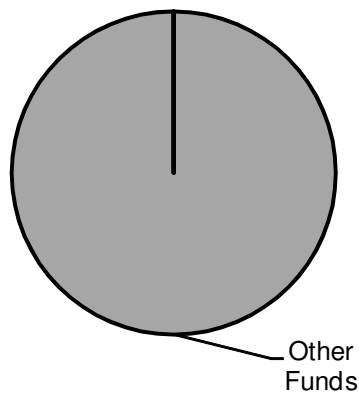
- Investigate 800 complaints annually against physician and other regulated professionals
- Enter 70 Disciplinary and corrective actions annually
- Assure monitoring of approximately 100 licensees and registrants in the Health Professional Services Program
- Monitor 400 credential professionals under disciplinary order

Staff: 24 FTE

Active Licensees: 24,953

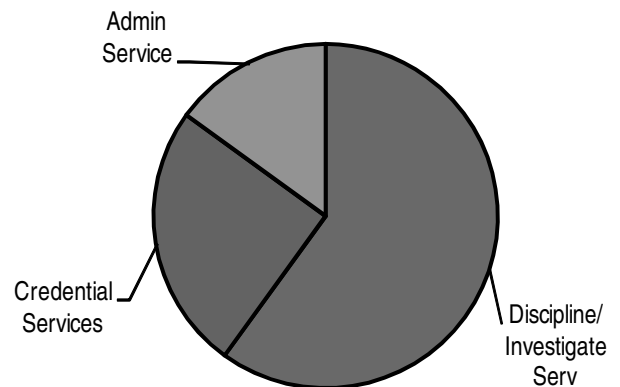
In Minnesota: 19,688

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Service



Source: Board expenses allocated to the services provided by the board.

Strategies

The board regulates the practice of medicine and six other health practices by enforcing its rules and applicable laws and by monitoring continuing education, professional education requirements, quality review and investigating complaints.

The board has four major approaches to ensuring public safety by:

- ensuring that applicants for credentials have met all statutory requirements for license or registration;
- investigating and responding to public and agency inquiries, complaints, and reports regarding licensed and registered practitioners;
- implementing educational or disciplinary action with impaired or incompetent practitioners, thus ensuring that standards of care are met; and
- providing information and education about licensure requirements and standards of practice to the public and other interested audiences.

Operations

The board is made up of 11 physicians and five public members, all of whom are appointed by the governor. The board also regulates acupuncturists, athletic trainers, physician assistants, respiratory therapists, midwives, naturopaths, telemedicine and professional firms.

Approximately 24 board staff are employed to process licensing and complaint information for the board's review and to handle administrative functions. Historically, the board has licensed or registered 2,100 new practitioners each year. On an average, the board receives 700 – 900 complaints per year, resulting in approximately 66 disciplinary orders or corrective action agreements during that time frame.

Key Activity Goals & Measures

The board's key activity goals are outlined as:

- Protecting the health of Minnesotans by ensuring the quality of medical practice and other allied health professions and by enforcing the goals in our mission statement;
- Respect all of our constituents and the general public by making informed, fair, and even-handed decisions that protect the public;
- Ensure that all individuals who come before the board, either as complainants or respondents, fully understand the processes used by the board to protect the public;
- Strive for consistency and not discriminate with respect to gender, ethnicity, religion, disability status, or sexual orientation in our dealings with employees, public and licensees/registrants.

The board's measures are outlined as:

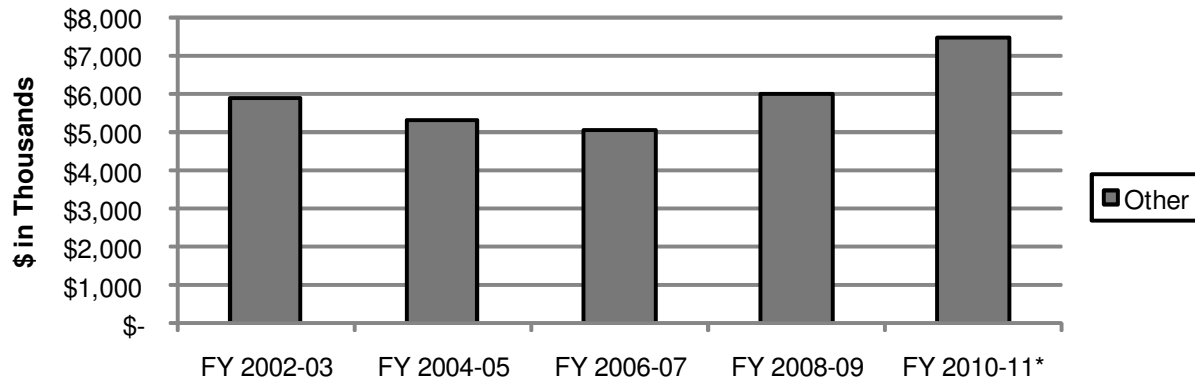
- Public protection – the board's website offers several services to the public including viewing disciplinary orders, access to information on complaint process and obtaining forms and information regarding how to file a complaint, and viewing individual licensee disciplinary history;
- Online services – the board offers license verification, address and contact information changes, license renewals, information for licensees/registrants and physician profiles;
- Public information – board website, newsletters, presentations, public outreach, brochures, real people answering the phone during business hours;
- Currently the board has 85% of its licensees using the online renewal service

Budget Trends Section

The board is responsible for collecting sufficient revenue to cover both direct and indirect expenditures. The board is estimated to collect \$9.872 million in FY 2010-11, which is deposited as non-dedicated revenue into the state government special revenue fund.

From this fund, the board receives a direct appropriation to pay for agency activities such as salaries, rent, costs for disciplinary/contested cases and operating expenditures. It also pays statewide indirect costs through an open appropriation. In FY 2010-11, total expenditures for these purposes are estimated at \$7.445 million. The chart below shows funding trends over the last five biennia for the direct and open appropriation.

Total Expenditures by Fund



*FY 2010-11 is estimated, not actual

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 7/31/2010.

Board fees are also responsible for covering a prorated share of support functions provided outside of the Board itself. These include malpractice insurance (Volunteer Health Care Provider Program), statewide e-licensing system development and operations (Office of Enterprise Technology), centralized administrative support (Health Boards Administrative Services Unit), funding for services to health professionals (Health Professionals Services Program), monitoring program (Dept of Health – HIV/HBV/HCV program), and controlled substance program (Prescription Electronic Reporting). In FY 2010-11, some of the health boards’ reserves in the state government special revenue fund were also transferred to the general fund. The table below displays direct and open appropriation expenditures, external support costs (prorated share), and the general fund transfers (prorated share) estimated in FY 2010-11.

	FY 2010-11 (in thousands)
Board’s Direct and Open Appropriations	\$ 7,445
Board’s External Support Costs and Transfers (prorated Share)	
• Volunteer Health Care Provider Program	128
• E-licensing support	571
• Central administrative service unit	192
• Health professional service program	251
• General fund transfer	3,002
• HIV/HBV/HCV Dept of Health	68
• Prescription Electronic Reporting	282
Total	11,939
Fees Collected by Board	\$9,872
Prorated Surplus/(Deficit)	(2,067)

In most years, Board fee revenues exceed direct expenditures and external support costs, and as directed by law, the surplus is used to maintain a reserve in the state government special revenue fund. It should be noted here that the FY 2010-11 transfers to the General Fund, along with unanticipated increases in the support costs discussed above, have resulted in the Board’s fee revenue not covering its prorated costs and transfers.

External Factors Impacting Agency Operations

The number of licensees regulated by the Board continues to rise, as do the number of complaints and the complexity of the cases.

Contact

Minnesota Board of Medical Practice
2829 University Avenue Southeast, Suite 500
Minneapolis, Minnesota 55414-3246

The web site at: <http://www.bmp.state.mn.us> gives visitors easy access to useful information about medical practice. Types of information available through the web site include; regulatory news and updates, rules and Minnesota statutes, public notices, and forms.

Phone: (612) 617-2130

Fax: (612) 617-2166

MEDICAL PRACTICE BOARD

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
State Government Spec Revenue					
Current Appropriation	3,682	3,682	3,682	3,682	7,364
Recommended	3,682	3,682	0	0	0
Change		0	(3,682)	(3,682)	(7,364)
% Biennial Change from 2010-11					-100%
 <u>Expenditures by Fund</u>					
Direct Appropriations					
State Government Spec Revenue	2,428	3,664	0	0	0
Open Appropriations					
State Government Spec Revenue	23	43	0	0	0
Statutory Appropriations					
State Government Spec Revenue	0	0	4,977	5,037	10,014
Total	2,451	3,707	4,977	5,037	10,014
 <u>Expenditures by Category</u>					
Total Compensation	1,648	1,739	1,736	1,818	3,554
Other Operating Expenses	803	1,968	2,605	2,583	5,188
Transfers	0	0	636	636	1,272
Total	2,451	3,707	4,977	5,037	10,014
 <u>Expenditures by Program</u>					
Medical Practice, Board Of	2,451	3,707	4,977	5,037	10,014
Total	2,451	3,707	4,977	5,037	10,014
 Full-Time Equivalent (FTE)	 23.8	 23.8	 23.8	 23.8	

MEDICAL PRACTICE BOARD

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
FY 2011 Appropriations	3,682	3,682	3,682	7,364
Subtotal - Forecast Base	3,682	3,682	3,682	7,364
Change Items				
Convert to Dedicated Funding	0	(3,682)	(3,682)	(7,364)
Total Governor's Recommendations	3,682	0	0	0
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Open Spending	43	40	40	80
Change Items				
Convert To Dedicated Funding	0	(40)	(40)	(80)
Total Governor's Recommendations	43	0	0	0
<i>Fund: STATE GOVERNMENT SPEC REVENUE</i>				
Planned Statutory Spending	0	0	0	0
Change Items				
Convert to Dedicated Funding	0	4,977	5,037	10,014
Total Governor's Recommendations	0	4,977	5,037	10,014

MEDICAL PRACTICE BOARD

Change Item: Convert to Dedicated Funding

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
Health Related Boards Fund (171)				
Direct Appropriated Account				
Expenditures	\$(3,682)	\$(3,682)	\$(3,682)	\$(3,682)
Non-Dedicated Revenues	(4,977)	(5,037)	(5,037)	(5,037)
Open Appropriated Account				
Expenditures	(40)	(40)	(40)	(40)
Dedicated Account				
Expenditures	4,977	5,037	5,037	5,037
Dedicated Revenues	4,977	5,037	5,037	5,037
Transfer In	\$465	0	0	0
Net Fiscal Impact	\$1,720	\$1,315	\$1,315	\$1,315

Recommendation

The Governor recommends changing the way appropriations are made to the health related licensing boards that operate in the state government special revenue fund. Under this proposal, the boards' funding would be converted from direct appropriations to dedicated appropriations, giving each board spending authority equal to its fee revenue and any accumulated balance. The net effect of this change is the difference between the board's current base appropriations and projected revenues.

Rationale

This proposal places ownership in the boards' 183 appointed members to be efficient and cost effective in setting their spending levels, while providing continued legislative oversight in the setting of the boards' fees. It encourages the boards to find efficiencies and ensures the fees paid by each occupation are dedicated to the boards' mission to protect the public and ensure that Minnesota citizens receive quality care by qualified licensed health professionals. The establishment of the dedicated appropriation will improve the boards' management of resources and transparency for licensees.

The health related licensing boards are fee-supported organizations that receive no general fund dollars. The boards currently collect and deposit fees as non-dedicated special revenue into the health related boards account in the state government special revenue fund (171). The legislature then provides a direct appropriation from these revenues to each board for its operating expenses. Unlike agencies that receive direct appropriations from the general fund, the boards must ensure that licensing fees are collected to recover each board's direct and indirect expenditures to maintain the solvency of the state government special revenue fund. For this reason, the health boards already operate much like agencies with dedicated appropriations—except that they must seek appropriation authority to gain access to their existing fee revenue.

This proposal changes the boards' non-dedicated revenue to dedicated revenue within the same fund and provides each board with a dedicated appropriation from the board's revenue. Additionally, the current accumulated fund balance within the health related boards account will be transferred to individual boards based on each board's contribution to the balance. M.S. 16A.1283 requires that all fee increases be approved by the legislature, so even with a dedicated funding arrangement, the boards must still seek legislative action to increase spending beyond current law fee revenues.

Key Goals and Measures

Minnesota Milestone: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Measures:

- Transparency of fees and expenditures
- The level of service provided to licensees and Minnesota citizens.

Statutory Change: Minnesota Statutes Chapter 148

MEDICAL PRACTICE BOARD

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Departmental Earnings:					
State Government Spec Revenue	4,924	4,949	0	0	0
Other Revenues:					
State Government Spec Revenue	(432)	0	0	0	0
Total Non-Dedicated Receipts	4,492	4,949	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
State Government Spec Revenue	0	0	4,977	5,037	10,014
Total Dedicated Receipts	0	0	4,977	5,037	10,014
Agency Total Revenue	4,492	4,949	4,977	5,037	10,014

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Program Change Items	
Parks	
⇒ Parks & Trails Legacy Funds.....	7
⇒ Inflow & Infiltration Grant Program.....	10
⇒ Metropolitan Water Supply Availability Analysis.....	12
Transit	
⇒ Transit Operating Reduction.....	14
Parks	
⇒ Metro Regional Parks Appropriation Reduction.....	15
Programs	
Transit	
Program Summary	16
Parks	
Program Summary	17
Rail	
Program Summary	19
Agency Revenue Summary Fiscal Page	20

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Agency Purpose

The Metropolitan Council is a political subdivision of the state governed by a chairperson and 16 other Council members who are appointed by the Governor. The Council provides a regional perspective and works towards a regional consensus on issues facing the seven-county metropolitan area, comprised of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

The mission of the Metropolitan Council is to develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on transportation, wastewater, parks, and aviation systems that guide the efficient growth of the metropolitan area. The Council operates transit and wastewater services and administers housing and other grant programs.

At a Glance

Metropolitan Council Operations:

- 3,703 employees (FTE)
- \$738 million CY 2010 unified operating budget: \$519 million in operating expenditures, \$78 million pass-thru grants and loans and \$141 million debt service

Community Development Functions:

- Develop new Regional Development Framework to guide the efficient growth of the region
- \$14 million in Livable Communities grants
- Over 38 million visits a year to 55,000 acre regional park system
- 6,700 households receive rent assistance through the Metropolitan Housing and Redevelopment Authority

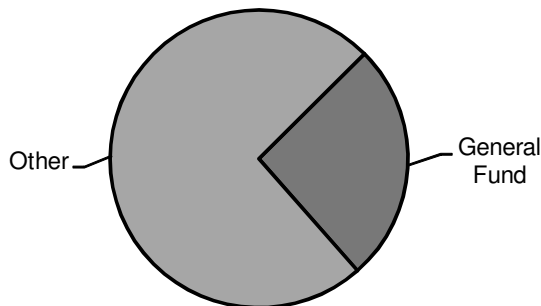
Transportation Functions:

- \$378 million CY 2010 operating budget (\$120 million FY 2010-11 biennial state General Fund appropriation)
- \$160 million annual projected motor vehicle sales tax (MVST) (\$21 million is committed to Suburban Transit Association Providers) in calendar year 2010
- Nearly 89 million rides in 2009

Environmental Services Functions:

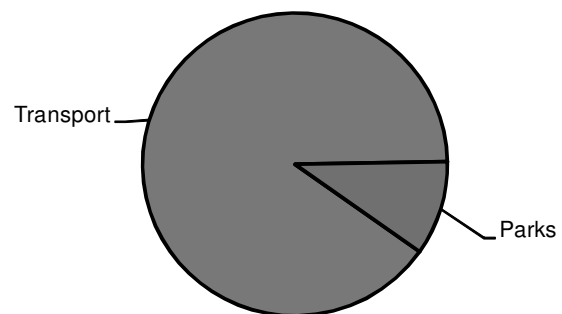
- \$120 million CY 2010 operating budget
- Average of 235 million gallons of wastewater treated daily

Est. FY 2010-11 Expenditures by Fund



Source: MAPS Local and federal funding not included.

Est. FY 2010-11 Expenditures by Program



Source: MAPS Data (excludes local funding sources).

Strategies

Core Functions

The Council's main functions are:

- providing a planning framework for regional growth and conducting long-range planning for regional transportation, wastewater, and parks systems;
- operating the regional transit system;
- operating and funding the regional wastewater system;
- coordinating system-wide planning and capital improvement funding for the regional parks system; and
- operating a regional housing and redevelopment authority that provides assistance to low-income families in the region.

Key Goals

- Accommodate growth within the metropolitan area by working collaboratively with our partners
- Maximize the effectiveness and value of regional services, infrastructure investments and incentives
- Enhance transportation choices and improve the ability of Minnesotans to travel safely and efficiently throughout the region
- Preserve vital natural areas and resources for future generations

Operations

The Council is organized into staff divisions that focus on community development, the environment, and transportation, supported by administrative and service units.

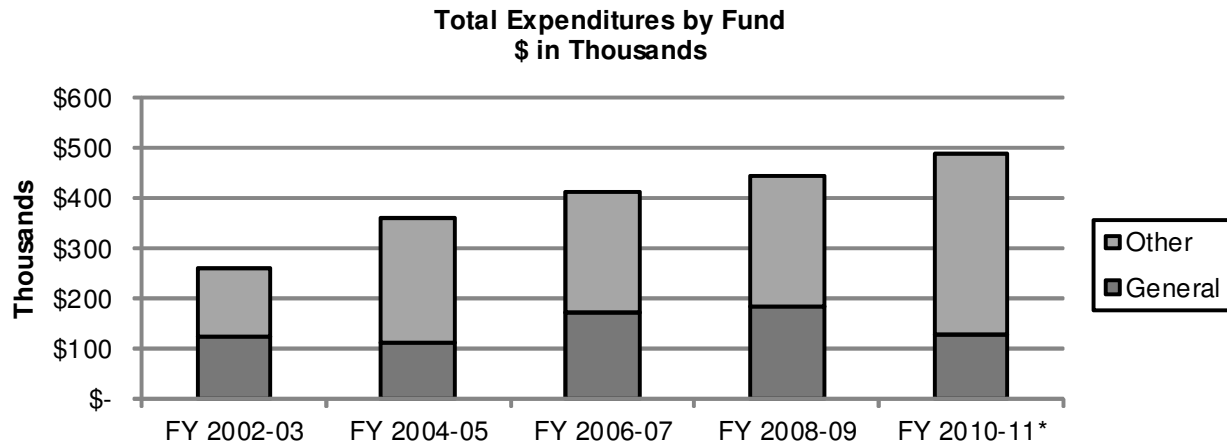
The **Community Development Division** provides regional planning and local planning assistance to communities, and conducts research to support its planning functions. The division administers the Metropolitan Livable Communities Act, which provides grants to eligible communities to help them clean up polluted sites, expand housing choices, and develop projects that use land and infrastructure more efficiently. The division administers planning and grants for the regional park system. It also delivers rent assistance and provides affordable housing to low-income households through the Metropolitan Housing and Redevelopment Authority.

The **Environmental Services Division** maintains approximately 600 miles of regional sewers and treats an average of 235 million gallons of wastewater daily at seven regional treatment plants. The division recently has maintained perfect compliance with clean water discharge permits, and in 2009, all Council treatment plants received awards for operations from the National Association of Clean Water Agencies. Wastewater services are fully fee funded, and the rates are well below the national average. In addition, the division works with approximately 800 industrial clients in the metro area to reduce pollution and provides water resources and water supply planning and analysis for the entire region.

The **Transportation Division** is responsible for providing transit services in the region. The division operates Metro Transit, the region's largest transit provider, with nearly 66.4 million bus rides in 2009. Metro Transit operates the Hiawatha Light Rail, which had over 9.9 million rides in 2009, and began NorthStar operations in November 2009. The division also provides Metro Mobility, the region's Americans with Disabilities paratransit service, and manages contracted regular route and dial-a-ride services. It also acts as a liaison with suburban transit authority providers and other regional transit services. The combined ridership for these services reached nearly 89 million in 2009. The Council's transit functions are funded by state General Fund dollars, Motor Vehicle Sales Tax (MVST), federal revenue, and fares.

The Council also serves as the federally designated Metropolitan Planning Organization and manages the allocation of federal transportation funds. In this role, the Transportation Division provides regional transportation planning including aviation, highway, and transit systems. Every four years it develops and updates the 20 - year regional transportation plan, and annually produces the federally required three- year Transportation Improvement Program (TIP) for the metropolitan area.

Budget Trends Section



Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS).

The primary external factors impacting Metropolitan Council operations are the current economic conditions. The slowdown in development has reduced collection of Service Availability Charges used to fund debt service on the system’s reserve capacity. Low consumer confidence levels has impacted motor vehicle sales tax collections and increased the risk associated with the highly volatile revenue source. Heavy reliance on energy and chemicals in daily operations can have a significant impact on budgets with minor cost fluctuations.

Contact

Regional Administrator: 651-602-1723
<http://www.metrocouncil.org>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,290	0	0	0	0
Recommended	1,290	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
General					
Current Appropriation	74,334	52,629	52,715	52,715	105,430
Recommended	74,334	52,629	61,694	61,694	123,388
Change		0	8,979	8,979	17,958
% Biennial Change from 2010-11					-2.8%
Natural Resources					
Current Appropriation	5,070	5,370	5,370	5,370	10,740
Recommended	5,070	5,370	5,370	5,370	10,740
Change		0	0	0	0
% Biennial Change from 2010-11					2.9%
Clean Water					
Current Appropriation	400	400	400	400	800
Recommended	400	400	2,500	1,500	4,000
Change		0	2,100	1,100	3,200
% Biennial Change from 2010-11					400%
Parks And Trails					
Current Appropriation	12,641	15,140	15,140	15,140	30,280
Recommended	12,641	15,140	16,163	16,163	32,326
Change		0	1,023	1,023	2,046
% Biennial Change from 2010-11					16.4%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,290	0	0	0	0
General	74,334	52,548	61,613	61,613	123,226
Natural Resources	5,070	5,370	5,370	5,370	10,740
Clean Water	364	436	2,500	1,500	4,000
Parks And Trails	697	27,084	16,163	16,163	32,326
Statutory Appropriations					
Transit Assistance	141,920	168,311	195,840	209,376	405,216
Total	223,675	253,749	281,486	294,022	575,508
<u>Expenditures by Category</u>					
Local Assistance	223,675	253,749	281,486	294,022	575,508
Total	223,675	253,749	281,486	294,022	575,508
<u>Expenditures by Program</u>					
Transit	207,356	212,201	250,137	263,673	513,810
Parks	11,145	36,374	26,175	25,175	51,350
Rail	5,174	5,174	5,174	5,174	10,348
Total	223,675	253,749	281,486	294,022	575,508

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: GENERAL				
FY 2011 Appropriations	52,629	52,715	52,715	105,430
Technical Adjustments				
Current Law Base Change		15,825	15,825	31,650
Subtotal - Forecast Base	52,629	68,540	68,540	137,080
Change Items				
Transit Reduction Plan	0	(5,418)	(5,418)	(10,836)
Metropolitan Area Parks Reduction	0	(1,428)	(1,428)	(2,856)
Total Governor's Recommendations	52,629	61,694	61,694	123,388
Fund: NATURAL RESOURCES				
FY 2011 Appropriations	5,370	5,370	5,370	10,740
Subtotal - Forecast Base	5,370	5,370	5,370	10,740
Total Governor's Recommendations	5,370	5,370	5,370	10,740
Fund: CLEAN WATER				
FY 2011 Appropriations	400	400	400	800
Technical Adjustments				
One-time Appropriations		(400)	(400)	(800)
Subtotal - Forecast Base	400	0	0	0
Change Items				
Inflow & Infiltration Grants	0	2,000	1,000	3,000
Water Supply Planning	0	500	500	1,000
Total Governor's Recommendations	400	2,500	1,500	4,000
Fund: PARKS AND TRAILS				
FY 2011 Appropriations	15,140	15,140	15,140	30,280
Technical Adjustments				
One-time Appropriations		(15,140)	(15,140)	(30,280)
Subtotal - Forecast Base	15,140	0	0	0
Change Items				
Parks & Trails Legacy Funds	0	16,163	16,163	32,326
Total Governor's Recommendations	15,140	16,163	16,163	32,326
Fund: TRANSIT ASSISTANCE				
Planned Statutory Spending	168,311	195,840	209,376	405,216
Total Governor's Recommendations	168,311	195,840	209,376	405,216

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: Parks & Trails Legacy Funds

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Legacy Parks & Trails Fund (353)				
Expenditures	16,163	16,163	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$16,163	\$16,163	\$0	\$0

Recommendation

The Governor recommends \$16.163 million in FY 2012 and \$16.163 million in FY 2013 be appropriated to the Metropolitan Council from the Land and Legacy Amendment's Parks and Trails Fund to be granted to regional park implementing agencies to support land acquisition, facility renovation, facility development, visitor service improvements, natural resource restoration, and park/trail master planning for the Metropolitan Regional Park System.

Rationale

The Metropolitan Regional Park System currently open for public use encompasses over 54,600 acres of parkland and includes 39 regional parks, 12 park reserves, seven special recreation features and 231 miles of regional trails in 38 segments. These park/trail units are owned and operated by ten regional park implementing agencies – counties, special park districts and cities. The regional park implementing agencies include:

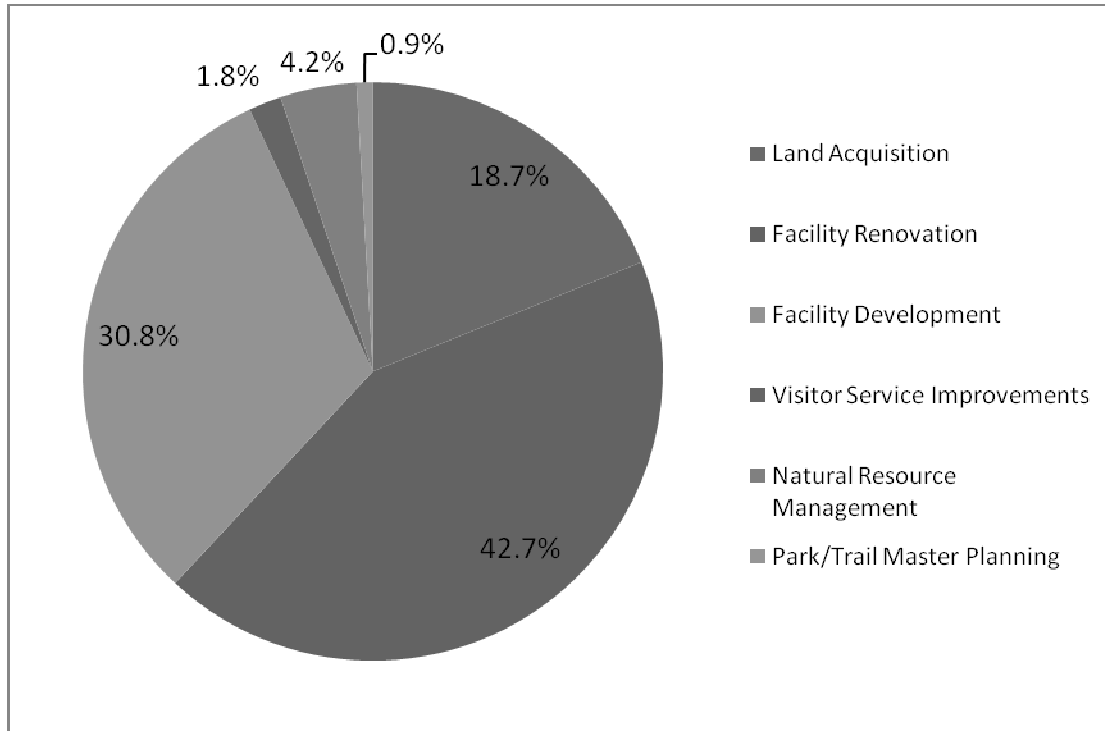
Anoka County	Ramsey County
City of Bloomington	City of St. Paul
Carver County	Scott County
Dakota County	Three Rivers Park District
Minneapolis Park & Recreation Board	Washington County

This change is necessary to implement the parks and trails portion of the Clean Water, Land, and Legacy amendment to Minnesota's Constitution, which dedicates an increase of 3/8ths of 1% of the state sales tax to clean water, habitat, arts, and parks and trails of state or regional significance. In accordance with M.S. Sec. 85.53, Subd. 3, the funds would be disbursed as follows:

FY 2012-13 Parks and Trails Fund distribution for Metropolitan Regional Parks/Trails		
Park Agency	FY 2012	FY 2013
Anoka County	\$1,411	\$1,411
City of Bloomington	258	258
Carver County	263	263
Dakota County	1,165	1,165
Minneapolis Park & Recreation Board	3,260	3,260
Ramsey County	1,210	1,210
City of St. Paul	2,263	2,263
Scott County	525	525
Three Rivers Park District	3,410	3,410
Washington County	780	780
Metropolitan Council for land acquisition grants	1,618	1,618
Grand Total	\$16,163	\$16,163

Key Goals and Measures

Each regional park implementing agency is finalizing how it will spend its portion of the appropriation and developing lists of projects in priority order. Draft proposals are being reviewed by each agency's elected board. An approved list of projects from each agency was compiled by the Metropolitan Council and submitted to Legislative Committees in late January for review with this budget recommendation. The draft proposals are summarized in the chart below which illustrates the percentage of funds proposed for land acquisition, facility renovation, facility development, visitor service improvements, natural resource management and park/trail master plans.



Based on the draft proposals, here are examples of projects that would be funded with this recommendation:

- Land acquisition: Lands within approved master plan boundaries of regional parks, trails, and park reserves would be acquired. Acquisitions are based on willing seller negotiations with the purchasing regional park implementing agency. Every \$1 from the Parks and Trails Fund is matched with \$1.20 of funds provided by the Metropolitan Council and the regional park implementing agency acquiring the land.
- Facility renovation: Renovation and replacement of worn out park and trail facilities in 15 locations is proposed. Examples of renovation include resurfacing or total replacement of paved trails, parking lots and roads; replacement of play structures associated with large group picnic areas, and renovation or replacement of restroom buildings and picnic shelters which have reached their useful life.
- Facility development: New park and trail facilities proposed in Metropolitan Council approved master plans would be constructed in 22 locations. Examples include extension of existing trails, construction of trail bridges to replace unsafe at-grade road crossings, and construction of outdoor classroom space for environmental education purposes. In many cases, the Parks and Trails Fund appropriation is used to leverage Federal transportation enhancement grants for trail and trail bridge projects.

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: Parks & Trails Legacy Funds

- Visitor service improvements: Improvements to visitor experiences in parks are provided in a variety of ways. This includes hiring staff to coordinate volunteers in land stewardship and wildlife monitoring projects; hiring staff to develop and implement environmental educational programs; and providing shuttle bus service at Como Regional Park to reduce congestion/pollution from motor vehicles and improve safety for all park visitors.
- Natural resource management: Restoration of degraded prairie, forest and wetland habitat would be done in at least five locations. The MN Conservation Corps would be utilized for some of these projects.

Park/trail master planning: Master plans for two regional parks and one regional trail in St. Paul would be prepared in conformance with MS Sec. 473.313, Subd. 1. These plans would be developed in consultation with neighboring communities, user groups and the general public to determine how best to meet existing and future recreation needs for that park or trail. The master plans must be reviewed and approved by the Metropolitan Council under MS Sec 473.313, Subd. 2. Capital projects proposed for funding in this recommendation and in proposals for State bonds must be consistent with Metropolitan Council approved master plans.

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: Inflow & Infiltration Grant Program

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	2,000	1,000	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$2,000	\$1,000	\$0	\$0

Recommendation

The Governor recommends \$3 million from the Clean Water Fund in FY12-13 to the Metropolitan Council to provide matching grants to cities for a cost sharing program with private parties to: i) mitigate inflow and infiltration (I&I) of clear water into sanitary sewer systems, ii) protect Minnesota's water quality from risk of backups, spills, or outflow of sewage into the environment, and iii) to preserve clear water that should infiltrate back into Minnesota's aquifers. There is no base funding for this appropriation.

Rationale

I&I is both an environmental and economic issue for the metropolitan area. Excessive I&I into the sewers can and has caused sewage backups into houses, and spills into area lakes. While the Metro area's sewer performance is comparatively good, proactive management is required to avoid unnecessary costs.

Recent examples of the kinds of problems this initiative seeks to avoid include the metropolitan Milwaukee sewage system, which suffered a large storm in 2010 that backed up sewage in 10,000 homes and spilled billions of gallons of sewage-contaminated water into Lake Michigan. The Sioux Falls sewer district actually asked homeowners to delay washing laundry in 2010 due to excessive I&I. Among its many problems, I&I wastes clean water that should recharge underground aquifers, but instead gets sent down the Mississippi River.

While the 2010 legislature provided state bond funding to help cities with *municipal* infrastructure repairs, greater problems originate on *private* properties, and bond funds can't be used on private property. A 2008/09 pilot program was effective in attracting private and municipal partners to replace leaking pipes running between private homes and city sewer lines, and rerouting foundation drains and sump pumps that discharge clean water into wastewater lines. These problems are common, resulting from the failure of the 1970's era state plumbing code to prohibit connecting storm water disposal systems to the sanitary sewer system. The problem will persist until the backlog of disconnections is complete.

I&I is one of the biggest water resource issues in the metropolitan area. Past public and private mitigation efforts resulted in several metro cities reducing peak flows during large rain events, but much work remains. The estimated cost of building enough sewer capacity to handle the excess I&I is \$1 billion. The Metropolitan Council is pursuing this program to limit I&I at its sources, which will save hundreds of millions of dollars, and avoid an estimated 30% increase in sewer rates for all metro cities.

I&I mitigation in the metro area is comparable to eliminating straight sewer pipes or managing old septic systems in Greater Minnesota. If funding is appropriated, the Council will be able to start a grant program and begin providing the environmental benefits and jobs for small contractors within about three months.

Additional information on the Council's I&I initiatives and progress to date can be found at: <http://www.metrocouncil.org/environment/ProjectTeams/I-I-Home.htm>.

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: Inflow & Infiltration Grant Program

Key Goals and Measures

The Council will collect data on the number of repairs funded by this appropriation and the other funding it leverages. In addition to the quantity of fixes, we will project the volume of I&I mitigated.

Estimates of the billions of gallons of water that will be returned to aquifers instead of being poured into the river will also be made.

Statutory Change: Not Applicable.

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: **Metropolitan Water Supply Availability Analysis**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Clean Water Fund				
Expenditures	500	500	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$500	\$500	\$0	\$0

Recommendation

The Governor recommends \$1 million to the Metropolitan Council in the 2012-2013 biennium from the Clean Water Fund (M.S. 114D.50) to *implement* projects related to the master water supply plan developed for the Twin City metropolitan area under M.S. 473.1565. A total of \$800,000 was allocated from the Clean Water Fund to the Metropolitan Council for FY 2010-11 for this purpose. The \$1 million will allow the Metropolitan Council to continue technical evaluations of water use and availability, to ensure that water supplies are available to meet current and future growth in the Twin Cities area without adverse impacts to natural resources.

Rationale

While the Twin Cities region is fortunate to have relatively abundant supplies of high-quality water, these supplies are not limitless and they are not always located near demand. Moreover, there have been instances where withdrawals have adversely impacted sensitive natural resources or other users. In addition, groundwater or surface water contamination has led to limits on supplies or increased costs for treatment. Many of these issues cut across community boundaries, but municipalities still typically plan only for their own supplies – lacking the information, management tools, and planning authority to consider the impacts or potential benefits of concurrent supply development in neighboring communities. Lack of sufficient information on the extent, capacity, vulnerability and effects of withdrawals from groundwater systems has led to ineffective resource protection and to delays in the water supply decision-making process in the region. In 2005, the Minnesota State Legislature recognized that as the region continues to grow, demands on supplies will continue to increase and a coordinated planning effort was necessary to ensure that resources are developed in a sustainable, efficient and informed manner.

The 2005 Legislature (in MS 473.1565) directed the Metropolitan Council (Council) to “carry out planning activities addressing the water supply needs of the metropolitan area”. Specifically, the Council was charged with developing a base of technical information for water supply planning decisions and to prepare a metropolitan regional master water supply plan. The legislature also established a Water Supply Advisory Committee to assist the Council in its planning activities, and directed the Council to submit regular reports to the legislature detailing progress. The legislature also authorized the Council to redirect \$2 million to these purposes. The results were outlined in the 2007 Report to the Legislature. Subsequent work, including a rigorous stakeholder involvement process, led to the completion of the Master Water Supply Plan in early 2010. The master plan outlines water demand and availability throughout the region. It describes issues that must be addressed in order to sustainably supply projected demands and identifies steps to address those issues.

A total of \$800,000 was allocated from the Clean Water Fund to the Metropolitan Council for FY 2010 and FY 2011 to implement the master plan and undertake specific projects addressing water supply issues in the region.

The current funding request will support the further analysis of water supply availability within the metropolitan region *and the surrounding area*. Because the aquifers and rivers used by metropolitan area communities extend beyond the seven county area, water supply analyses must also consider information from beyond its boundaries.

Funding will be used to improve technical analyses of long-term water availability and to develop water conservation and reuse program implementation and evaluation tools. Specifically, information generated from further hydro-geologic research will support improvement and application of the regional groundwater flow model; the effectiveness of water conservation programs will be evaluated against region-specific factors; and storm

water management tools will be developed to maximize aquifer recharge while protecting quality. These water supply modeling and management efforts, beyond the scope and ability of local water utilities, will reduce the uncertainties – and associated delays and additional costs - that communities face when developing supplies on their own.

As communities use the information generated through this water supply planning effort, the decisions made will result in more efficient approaches to our ultimate goal of sustainable development (MS 4A.07).

This division of the Council (MCES) has achieved about a 40% reduction in its work force (which performs mostly wastewater services) since the merger with the Metropolitan Council in 1994, and maintains sewer rates lower than 80% of peer agencies (National Association of Clean Water Agencies, 2008), while having some of the most stringent regulations in the Midwest and a very high compliance record (at September 2010, had 43 consecutive months of perfect NPDES permit compliance).

Reducing Costs:

This water supply initiative will reduce the aggregate governmental cost of planning for water supply, but the savings will be distributed among the state agencies and cities that use the services. As communities plan for water supply, the information and analysis generated from this effort can be used for decision making by multiple communities, without each having to collect and analyze it themselves. In some cases, this effort will reduce water supply system costs by identifying water supply sources and limitations prior to growth and planning for appropriate infrastructure to meet projected demands.

Key Goals and Measures

Minnesota Milestone Indicator 59 Water Use has the following goal and rationale:

Goal: Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy. Continued prosperity and community well-being depend on conserving and maintaining the natural systems that are the base for economic activity.

An assessment of water supplies available to each community will continue and be prioritized for areas with high projected demands and where some potential limitation on future withdrawal exists. Options for those communities will be developed so that requests for proposed withdrawals can be reviewed in a much shorter time frame than in the past, in most cases, preventing delays in growth.

Past water use information will be used to project future demand. MCES will track and report per capita water use for each community in the region to determine trends and effects of conservation and planning efforts and will estimate the amount of conservation which was impacted by the tools and programs provided by this program and funding.

Also, MCES will track and report the number of new wells and appropriation permit conditions related to water resource issues identified through the regional availability analysis and estimate the value of having the information available for supply system planning.

Statutory Change: Not Applicable.

METROPOLITAN COUNCIL

Program: TRANSIT

Change Item: Transit Operating Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Bus Operations Expenditures	(5,418)	\$(5,418)	\$(5,418)	\$(5,418)
Rail Operations Expenditures				
Other Fund				
Expenditures				
Revenues				
Net Fiscal Impact	\$(5,418)	\$(5,418)	\$(5,418)	\$(5,418)

Recommendation

The Governor recommends a base reduction of \$5.418 million in the Metropolitan Council's base appropriation for transit operations.

Background

The Transportation Division's operating budget has maintained existing regional transit system service while adding committed Northstar Commuter Rail and Federal Urban Partnership Agreement service.

Based on the November 2010 Motor Vehicle Sales Tax forecast and the proposed reduction in State General Fund Appropriations, existing service levels cannot be maintained. To minimize the impact of service reductions, the Council may consider a \$0.25 "across the board" fare increase for bus and rail effective January 1, 2012, which would generate approximately \$9.3 million over the biennium.

The Council benefits from both General Fund Appropriations and Motor Vehicle Sales Tax Revenues to fund transit operations. Between FY 2007 and FY 2012, the Council portion of statewide MVST increases from 21.5% to 36%. This increase in the Council share of MVST collections has not resulted in a significant increase in total revenues. Reductions in statewide MVST collections and General Fund appropriations have offset nearly all growth in the Council's MVST share.

This permanent General Fund reduction will have an increasingly significant impact on the Council's ability to maintain existing bus and rail service and start-up Central Corridor LRT in the 2014-15 biennium. Central Corridor is scheduled to begin operations in 2014 and operating costs will need to be addressed.

Relationship to Base Budget

Bus Operations: Current law provides \$59.796 million each year for bus operations or \$119.592 million for the biennium. This recommendation would reduce this appropriation by approximately 9% to \$54.378 million each year or \$108.756 million for the biennium.

Rail Operations: Current law provides \$5.174 million each year or \$10.348 million of state funding for the biennium for operations of the Hiawatha light rail transit line and no base funding for Northstar Commuter Rail or for future Central Corridor Operations.

Key Goals and Measures

Regional transit ridership is at a 25-year high with minimal existing capacity for growth. Concurrently, demand for transit is growing in response to the improving economy and increasing fuel prices. A reduction in State General Fund will reduce service levels.

Alternatives Considered

Absent additional state funding, there does not appear to be alternatives to bus and rail service reductions that are in addition to the reduction in reserves and increases in fares already proposed.

Statutory Change: Not Applicable.

METROPOLITAN COUNCIL

Program: **PARKS**

Change Item: **Metro Regional Parks Appropriation Reduction**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(1,428)	\$(1,428)	\$(1,428)	\$(1,428)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(1,428)	\$(1,428)	\$(1,428)	\$(1,428)

Recommendation

The Governor recommends a general fund base reduction of \$1.428 million in FY 2012 and FY 2013 to the Metropolitan Council for operating and maintenance expenses of the Metropolitan Regional Parks System.

Background

Since 1985, State appropriations have supplemented local property taxes and park user fees to finance operations and maintenance of the Metropolitan Regional Park System. These appropriations are disbursed under a formula in MS 473.351 to ten regional park agencies who collectively own and operate the Metropolitan Regional Park System.

Relationship to Base Budget

Base General Fund appropriations total \$7.14 million over the biennium. However, Lottery in Lieu of Sales Tax Revenue statutorily dedicated for this purpose would provide \$10.74 million over the biennium. The General Fund biennial reduction of \$2.856 million represents a reduction of 16% when both funding sources are combined. Under this reduction, the combined general fund and Lottery In Lieu of Sales Tax Revenue would finance 8.34% of the operating and maintenance budget of the Metropolitan Regional Park System. The General Fund reduction would cut the amount a park agency received in a range from \$15,526 to \$365,555 per year.

Key Goals and Measures

Key Goal effected: Maximize the effectiveness and value of regional services, infrastructure investments and incentives.

Measure: The reduction may impact the ability of park agencies to operate and maintain their portion of the Regional Park System at current standards.

Alternatives Considered

Appropriation of State Lottery in Lieu of Sales Tax collections for Parks and Trails could be increased if there was unobligated revenue in the account.

Statutory Change: Not Applicable.

METROPOLITAN COUNCIL

Program: TRANSIT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	65,436	43,971	43,971	43,971	87,942
Technical Adjustments					
Current Law Base Change			15,825	15,825	31,650
Subtotal - Forecast Base	65,436	43,971	59,796	59,796	119,592
Governor's Recommendations					
Transit Reduction Plan		0	(5,418)	(5,418)	(10,836)
Total	65,436	43,971	54,378	54,378	108,756
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	65,436	43,890	54,297	54,297	108,594
Statutory Appropriations					
Transit Assistance	141,920	168,311	195,840	209,376	405,216
Total	207,356	212,201	250,137	263,673	513,810
<u>Expenditures by Category</u>					
Local Assistance	207,356	212,201	250,137	263,673	513,810
Total	207,356	212,201	250,137	263,673	513,810
<u>Expenditures by Activity</u>					
Met Council Transit	207,356	212,201	250,137	263,673	513,810
Total	207,356	212,201	250,137	263,673	513,810

METROPOLITAN COUNCIL

Program: PARKS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	1,290	0	0	0	0
Subtotal - Forecast Base	1,290	0	0	0	0
Total	1,290	0	0	0	0
General					
Current Appropriation	3,724	3,484	3,570	3,570	7,140
Subtotal - Forecast Base	3,724	3,484	3,570	3,570	7,140
Governor's Recommendations					
Metropolitan Area Parks Reduction		0	(1,428)	(1,428)	(2,856)
Total	3,724	3,484	2,142	2,142	4,284
Natural Resources					
Current Appropriation	5,070	5,370	5,370	5,370	10,740
Subtotal - Forecast Base	5,070	5,370	5,370	5,370	10,740
Total	5,070	5,370	5,370	5,370	10,740
Clean Water					
Current Appropriation	400	400	400	400	800
Technical Adjustments					
One-time Appropriations			(400)	(400)	(800)
Subtotal - Forecast Base	400	400	0	0	0
Governor's Recommendations					
Inflow & Infiltration Grants		0	2,000	1,000	3,000
Water Supply Planning		0	500	500	1,000
Total	400	400	2,500	1,500	4,000
Parks And Trails					
Current Appropriation	12,641	15,140	15,140	15,140	30,280
Technical Adjustments					
One-time Appropriations			(15,140)	(15,140)	(30,280)
Subtotal - Forecast Base	12,641	15,140	0	0	0
Governor's Recommendations					
Parks & Trails Legacy Funds		0	16,163	16,163	32,326
Total	12,641	15,140	16,163	16,163	32,326
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	1,290	0	0	0	0
General	3,724	3,484	2,142	2,142	4,284
Natural Resources	5,070	5,370	5,370	5,370	10,740
Clean Water	364	436	2,500	1,500	4,000
Parks And Trails	697	27,084	16,163	16,163	32,326
Total	11,145	36,374	26,175	25,175	51,350
<u>Expenditures by Category</u>					
Local Assistance	11,145	36,374	26,175	25,175	51,350
Total	11,145	36,374	26,175	25,175	51,350
<u>Expenditures by Activity</u>					

METROPOLITAN COUNCIL

Program: PARKS

Program Summary

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
Parks	11,145	36,374	26,175	25,175	51,350
Total	11,145	36,374	26,175	25,175	51,350

METROPOLITAN COUNCIL

Program: RAIL

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	5,174	5,174	5,174	5,174	10,348
Subtotal - Forecast Base	5,174	5,174	5,174	5,174	10,348
Total	5,174	5,174	5,174	5,174	10,348
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,174	5,174	5,174	5,174	10,348
Total	5,174	5,174	5,174	5,174	10,348
<u>Expenditures by Category</u>					
Local Assistance	5,174	5,174	5,174	5,174	10,348
Total	5,174	5,174	5,174	5,174	10,348
<u>Expenditures by Activity</u>					
Rail Operations	5,174	5,174	5,174	5,174	10,348
Total	5,174	5,174	5,174	5,174	10,348

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Taxes:					
Transit Assistance	141,920	168,311	195,840	209,376	405,216
Total Dedicated Receipts	141,920	168,311	195,840	209,376	405,216
Agency Total Revenue	141,920	168,311	195,840	209,376	405,216

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Tuition Reimbursement Increase	7
Programs	
Maint Training Facilities	9
Program Summary	10
Budget Activities	
Camp Ripley/Holman.....	11
Budget Activity Summary	13
Armory Maintenance	14
Budget Activity Summary	16
Air Base Maint-Twin Cities	17
Budget Activity Summary	19
Air Base Maint-Duluth.....	20
Budget Activity Summary	22
General Support	23
Program Summary	24
Budget Activities	
Administrative Services	25
Budget Activity Summary	27
Auxiliary Services	28
Budget Activity Summary	29
Starbase Minnesota.....	30
Budget Activity Summary	31
Enlistment Incentives	32
Program Summary	34
Federal Funds Summary	35
Agency Revenue Summary Fiscal Page	36

⇒ Designates that this item is a change item

Agency Purpose

The Minnesota Department of Military Affairs (MDMA) “is comprised of and includes the military forces of the state, the office of the adjutant general, all military reservations, military installations, armories, air bases, and facilities owned or controlled by the state for military purposes, and civilians employed by the state for the administration of the military department (M.S.190.05).”

- **Federal Mission:** As a federal entity, military members of the Minnesota National Guard serve as a reserve force for the United States Army and Air Force. They are subject to be called to federal active duty for extended periods of time by the President.
- **State Mission:** As a state entity, the Minnesota National Guard provides support to local law enforcement agencies during natural disasters and other emergencies at the direction of the governor.
- **Community Mission:** The Minnesota National Guard is also involved in community support projects throughout the state. These projects give our soldiers a chance to “give back to the community.”

At a Glance

Maintenance of Training Facilities

- Manage over 5.86 million square feet (sq ft) of facilities in over 1,500 buildings for training and housing military forces:
 - 3.1 million sq ft of facilities within 1,397 buildings on 54,496 acres at Camp Ripley and Arden Hills;
 - 834,000 sq ft within 47 logistical support buildings at nine locations; and
 - 1.93 million square feet in 63 National Guard Training and Community Centers (armories).

Enlistment Incentives

- Provide incentives to 4,012 National Guard men and women annually.

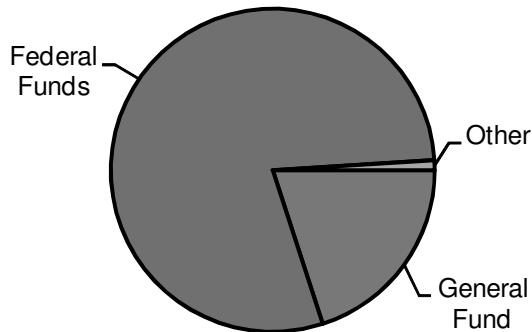
Emergency Services

- The department has overseen 24,378 National Guard days of state emergency response since 2002.

General Support

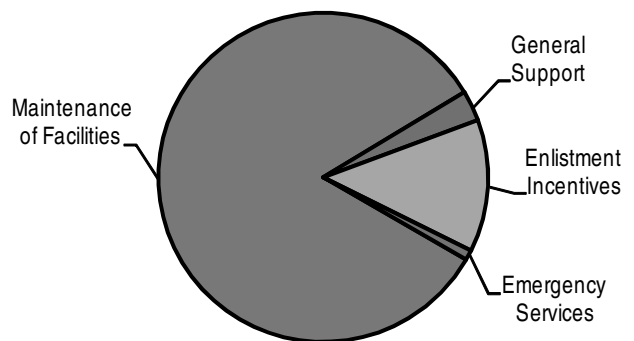
- Administer programs that support 13,742 military members of the Minnesota National Guard.

Est. FY 2010-11 Expenditures by Fund



Source: Consolidated Fund Statement.

Est. FY 2010-11 Expenditures by Program



Source: Manager's Fiscal Report Information Access

Strategies

The MDMA provides the structure and leverages state and federal resources to accomplish its federal, state and community missions. The vision of the MDMA is to provide leadership, resources, and support to the National Guard to assist in accomplishing these three missions.

Operations

The department’s customer base is the 13,742 members of the Minnesota Army and Air National Guard, the directors and managers responsible for the execution of the federal-state cooperative agreements, and the citizens of the state and nation during emergencies. The Minnesota National Guard has never been more engaged in world-wide missions. The National Guard is no longer a cold-war era, strategic reserve force; rather, it is an operational force being utilized daily in the war on terrorism. Between September 11, 2001 and July 2010, the Minnesota National Guard has deployed more than 19,000 Army and Air Guard members.

The department’s staff includes 300 employees; 32 are 100 percent state-funded, and the remainder are predominantly federally funded (some at 100 percent and most others at 75 or 80 percent).

The **maintenance of training facilities program** is responsible for maintaining the state’s facilities, used to train and house the members of the Minnesota National Guard, and to protect the state’s investment in facilities. Each Air National Guard Base also has a civil engineering function that is responsible for the maintenance of the federal facilities that are supported with state dollars.

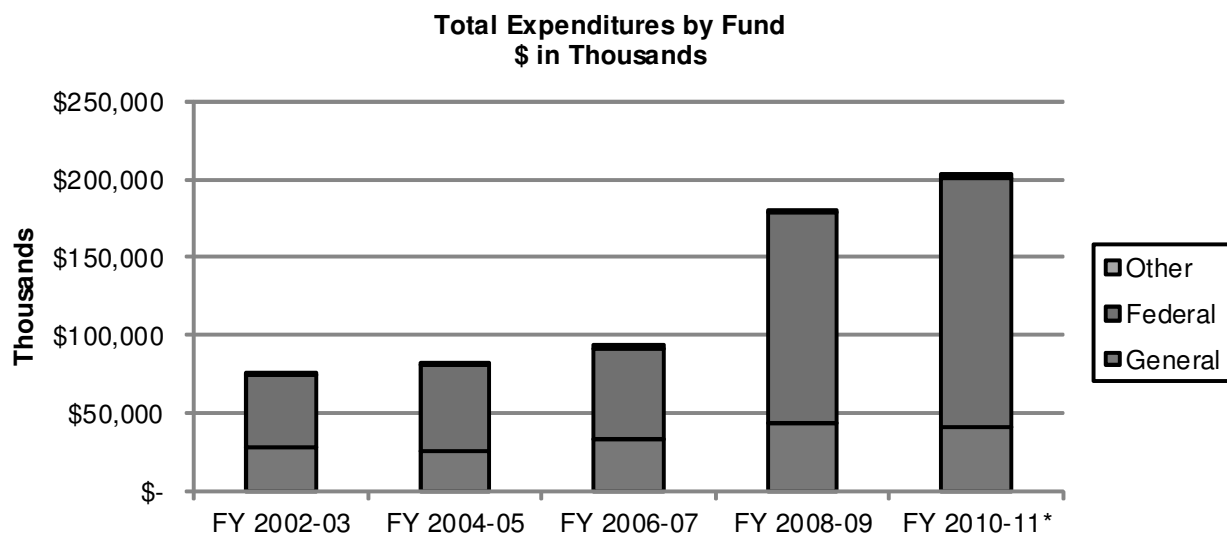
Through a series of cooperative agreements with the federal government, the MDMA provides employees and services that enable the federal forces to utilize state facilities to accomplish their mission of preparing soldiers and airmen for federal and state missions. MDMA has agreements at the Air Bases, Camp Ripley, and the Army Aviation Support Facilities, and for firefighting services at the Duluth Air Base and Camp Ripley.

The **enlistment program** involves management of the department’s enlistment incentives and tuition reimbursement programs. These programs provide incentives to the men and women who enlist and maintain their memberships in the Army and Air National Guard. These employees work closely with federal incentives managers to make sure that the legislative enabling language and guidance from the Adjutant General is followed.

The **emergency services** program is managed by the Military Support directorate of the state staff. The program provides the command and control services to the governor when the National Guard is activated in response to state emergencies.

General support provides the general administrative, financial, accounting and budgeting, project management, and human resource support necessary for the operation of the department.

Budget Trends



* FY 2010-11 is estimated, not actual.

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/30/10.

Of the department's total budget, 68 percent comes from the federal government through cooperative agreements for facilities maintenance, telecommunications, security, firefighting, and the STARBASE educational program. The state general fund accounts for 30 percent, and approximately two percent comes from other sources (local government, facility sales, housing operations, etc.).

Additionally, the MDMA is responsible for approximately \$400 million per year from the federal government. These funds come directly from the federal government, do not pass through the state treasury, and are paid to individuals and vendors for federal-related activities.

From a National Guard recruiting perspective, the environment of adequate federal bonuses and recruiting funds, and limited over-strength authorization (authority to enlist over actual spaces authorized) has allowed more than a decade of unprecedented growth. However, this will change dramatically as other states succeed in filling vacancies and federal funds become more constrained. Opportunities to acquire additional force structure unused in other states through traditional means will be limited as the MDMA approaches national alignment of strategic staffing on a state-by-state basis.

Lessons learned by soldiers and airmen while engaged in two overseas conflicts have affected the ways that the National Guard trains, mobilizes and employs units to support the Global War on Terrorism. The proficiency and confidence that these deployments have given soldiers and airmen, combined with the enhanced public awareness that accompanies deployments, have expanded the expectations and opportunities for Minnesota units to perform the state and community missions. MDMA will continue to rely heavily on the lessons learned by citizen soldiers and airmen to succeed in an environment of constrained resources.

Contact

The Adjutant General
Department of Military Affairs
Veterans Service Building
20 West 12th Street
Saint Paul, Minnesota 55155
Phone: (651) 268-8924
Fax: (651) 282-4541
Web site: <http://www.minnesotanationalguard.org>

For information on how this agency measures whether it is meeting its statewide goals, please refer to <http://www.accountability.state.mn.us/Departments/MilitaryAffairs/index.htm>.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	22,374	19,374	19,374	19,374	38,748
Recommended	22,374	19,374	20,871	20,871	41,742
Change		0	1,497	1,497	2,994
% Biennial Change from 2010-11					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	20,699	22,290	21,121	21,129	42,250
Open Appropriations					
General	930	130	130	130	260
Statutory Appropriations					
General	1	226	110	110	220
Miscellaneous Special Revenue	995	2,118	2,199	2,191	4,390
Federal	50,818	104,115	104,115	104,115	208,230
Federal Stimulus	4,688	0	0	0	0
Total	78,131	128,879	127,675	127,675	255,350
<u>Expenditures by Category</u>					
Total Compensation	20,011	20,583	20,791	20,824	41,615
Other Operating Expenses	21,800	40,484	39,134	39,089	78,223
Capital Outlay & Real Property	24,967	56,275	56,380	56,382	112,762
Payments To Individuals	10,375	10,019	10,091	10,091	20,182
Local Assistance	978	1,518	1,279	1,289	2,568
Total	78,131	128,879	127,675	127,675	255,350
<u>Expenditures by Program</u>					
Maint Training Facilities	61,133	112,222	111,129	111,106	222,235
General Support	3,266	4,771	4,568	4,591	9,159
Enlistment Incentives	12,802	11,756	11,848	11,848	23,696
Emergency Services	930	130	130	130	260
Total	78,131	128,879	127,675	127,675	255,350
Full-Time Equivalents (FTE)	279.1	304.0	306.8	306.8	

MILITARY AFFAIRS DEPT

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	19,374	19,374	19,374	38,748
Technical Adjustments				
Operating Budget Reduction		(3)	(3)	(6)
Subtotal - Forecast Base	19,374	19,371	19,371	38,742
Change Items				
TUITION REIMBURSEMENT INCR	0	1,500	1,500	3,000
Total Governor's Recommendations	19,374	20,871	20,871	41,742
Fund: GENERAL				
Planned Open Spending	130	130	130	260
Total Governor's Recommendations	130	130	130	260
Fund: GENERAL				
Planned Statutory Spending	226	110	110	220
Total Governor's Recommendations	226	110	110	220
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	2,118	2,199	2,191	4,390
Total Governor's Recommendations	2,118	2,199	2,191	4,390
Fund: FEDERAL				
Planned Statutory Spending	104,115	104,115	104,115	208,230
Total Governor's Recommendations	104,115	104,115	104,115	208,230

MILITARY AFFAIRS DEPT

Program: **ENLISTMENT INCENTIVES**

Change Item: **TUITION REIMBURSEMENT INCREASE**

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$1,500	\$1,500	\$1,500	\$1,500
Revenues	0	0	0	0
Net Fiscal Impact	\$1,500	\$1,500	\$1,500	\$1,500

Recommendation

The Governor recommends a base increase of \$1.5 million annually for the National Guard's Tuition Reimbursement Program in the FY 2012-2013 biennium. Absent additional funding, the Adjutant General will no longer be able to reimburse National Guard members at the level authorized in state statute. The Tuition Reimbursement Program helps maintain the personnel strength of the Minnesota National Guard.

Rationale

M.S. 192.501, Subdivision 2 allows the adjutant general to pay up to 100% of the current lower division tuition costs at the Twin Cities campus of the University of Minnesota. The tuition reimbursement program was funded at this level for fiscal years 2006 – 2009.

The Minnesota National Guard requested an increase of \$1.5 million per year in the FY2010-FY2011 budget so that members of the National Guard could continue to receive tuition reimbursement at 100% of the costs of tuition, as authorized in state statute. The legislature provided \$3 million for the biennium as a one-time appropriation.

Two provisions have been added to the Tuition Reimbursement program – spousal tuition reimbursement (added in 2006) and extended tuition reimbursement (added in 2005). The extended tuition reimbursement provision allows members that have been called to active service an additional period of eligibility for tuition reimbursement. These provisions add to the overall cost and continue to make it difficult for the department to project costs.

In response to the added costs, the Tuition Reimbursement program was revised in FY2011 to cap the total payment for any participant at \$7,500. The net effect is a reduction of 16% for those students being reimbursed at the maximum amount. This change will slow the rate of spending and will only affect students attending more expensive institutions. However, even with this change, current projections indicate that the department will have requests totaling about \$10.2 million from 2,600 participants in FY 2011, which will exhaust the program's appropriation and carry forward dollars.

If this appropriation is not increased, the department is concerned there may be erosion in personnel strength and increased difficulty attracting and retaining female and minority members. Personnel strength is the prime determinant in federal funding for most programs associated with the National Guard. Loss of personnel strength reduces funding and also negatively impacts the ability of its members to perform their federal, state, and community missions.

The additional \$1.5 million in annual funding will help Military Affairs avoid any further reductions in the program and ensure there is sufficient funding to reimburse all program participants at the authorized level.

Key Goals and Measures

The Minnesota National Guard strives to maintain its position as one of the top National Guard states in the nation. Minnesota is currently number 5 in National Guard size, despite being the 21st most populous state. The size of the National Guard in each state drives much of the federal funding that the National Guard receives. Minnesota's citizens participation in the National Guard is a testament to the willingness of our population to serve, but also reflects the impact of providing tangible benefits to persons interested in serving.

As stated on the budget program page, the Enlistment Incentives program directly supports the following:

- Minnesota Milestones Indicator number 41 – “Post-High School Education and Training;” and, number 43 – “Adults with college education” by providing opportunities for members who might otherwise not be able to afford college to attend and be reimbursed when they complete their coursework (<http://server.admin.state.mn.us/mm/goal.html>) and;
- Agency strategic goal of “Recruit and Retain” – the National Guard needs sufficient forces to accomplish its state and federal missions. See the department's results at (<http://www.accountability.state.mn.us/Departments/MilitaryAffairs/index.htm>).

MILITARY AFFAIRS DEPT

Program: ENLISTMENT INCENTIVES

Change Item: TUITION REIMBURSEMENT INCREASE

The number one goal for the Minnesota National Guard is to maintain its personnel strength. The National Guard incentives program is used to help attract and retain soldiers and airmen qualified to perform their federal, state, and community missions. Funding at the requested levels will assist the National Guard in meeting its personnel strength objectives. These objectives are measurable by comparing year end strength levels. The department also closely monitors and reports on its female and minority participation rates. It expects these to continue to rise as reported in the budget narrative for the program.

Program Description

The purpose of the Maintenance of Training Facilities program is to protect the state's investment in state-owned facilities; provide for operating costs of both state and federally supported facilities; and to provide the resources necessary to construct training facilities in partnership with the federal and local government.

Budget Activities

This program includes the following budget activities:

- Camp Ripley/Holman
- Armory Maintenance
- Air Base Maintenance – Twin Cities
- Air Base Maintenance – Duluth

MILITARY AFFAIRS DEPT

Program: MAINT TRAINING FACILITIES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	6,660	6,660	6,660	6,660	13,320
Subtotal - Forecast Base	6,660	6,660	6,660	6,660	13,320
Total	6,660	6,660	6,660	6,660	13,320
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	5,657	7,663	6,660	6,660	13,320
Statutory Appropriations					
General	1	226	110	110	220
Miscellaneous Special Revenue	735	1,184	1,210	1,187	2,397
Federal	50,052	103,149	103,149	103,149	206,298
Federal Stimulus	4,688	0	0	0	0
Total	61,133	112,222	111,129	111,106	222,235
<u>Expenditures by Category</u>					
Total Compensation	15,717	17,096	17,317	17,340	34,657
Other Operating Expenses	20,449	39,001	37,582	37,534	75,116
Capital Outlay & Real Property	24,967	56,125	56,230	56,232	112,462
Total	61,133	112,222	111,129	111,106	222,235
<u>Expenditures by Activity</u>					
Camp Ripley/Holman	30,777	41,476	41,384	41,373	82,757
Armory Maintenance	23,825	61,570	60,560	60,556	121,116
Air Base Maint-Twin Cities	2,107	3,490	3,499	3,498	6,997
Air Base Maint-Duluth	4,424	5,686	5,686	5,679	11,365
Total	61,133	112,222	111,129	111,106	222,235
Full-Time Equivalent (FTE)	258.2	283.1	285.8	285.8	

Activity at a Glance

Training sites – Camp Ripley and Arden Hills

- 54,496 acres
- 3.1 million square feet (sq ft) of facilities
- 1,397 buildings

Logistical facilities

- 47 structures
- 834,000 total sq ft
- 112 acres
- \$91.6 million investment in facilities

Activity Description

This activity provides for the daily operation, maintenance, and repair of training facilities located at Camp Ripley, Arden Hills, Holman Field in St. Paul, and various other logistical facilities located in nine communities around the state. Under the provisions of M.S. 190.11, the Adjutant General is charged with operation, care, and preservation of facilities and installations. The Adjutant General may also, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state.

This activity also provides the structure for acceptance of significant federal funding for construction projects, environmental programs, range operations, and base security. Some special funds (dedicated revenue) pass through this activity for operational leases of Camp Ripley facilities.

Population Served

This activity primarily serves the 13,613 members of the Minnesota Army and Air National Guard, providing training, maintenance, and housing facilities. It also serves members of other active and reserve military components, military members from other nations, and state employees from the departments of Natural Resources (DNR) and Public Safety. Camp Ripley is the home of the State Patrol's Rookie Camp, the DNR's Enforcement Training, and training for law enforcement entities from around the state. Camp Ripley will also be the future site for an Emergency Vehicle Operators Course and Emergency Management Training Center. MNDOT also conducts required snow plow and road grader driver training on many of the roads at Camp Ripley.

Services Provided

DMDA provides the services and staff necessary to operate, maintain, and repair training facilities across the state. It also provides some of the staff required to construct and repair logistical facilities throughout the state. Additionally, the department makes the Education Center at Camp Ripley available for other state agencies to use for training and classes.

Historical Perspective

Since FY 2000, the Army National Guard has added 1,225 acres to our supported sites. This consists predominantly of the acquisition of additional training space at Arden Hills. An Army Aviation Support Facility was completed in St. Cloud, MN in 2009. This \$34 million project is a 140,000 square foot, state-of-the-art helicopter maintenance facility that supports the Army National Guard's helicopter fleet. Additional housing accommodations were also added in 2010 to support soldier and civilian use of Camp Ripley's facilities.

These facilities support the training of soldiers and repair of equipment used by the Minnesota Army National Guard, which directly affects the readiness posture of the Army National Guard.

Key Activity Goals & Measures

The key goals for this activity are to support:

- The Minnesota Milestones statewide goal that "Our Communities will be safe, friendly and caring" <http://server.admin.state.mn.us/mm/goal.html>; and
- The Department of Military Affairs' strategic goal of "Preparing units for mission readiness." Without training areas that are supported under this activity, the MN National Guard would be unable to meet the objectives of this strategic goal.
- A pertinent measure is civilian use of the National Guard Training Facilities at Camp Ripley. MDMA's ability to expand the use of facilities at Camp Ripley to state government, community agencies, schools, and civic organizations, reduces the need to build similar facilities in other locations, showcases the outstanding

MILITARY AFFAIRS DEPT

Program: MAINT TRAINING FACILITIES

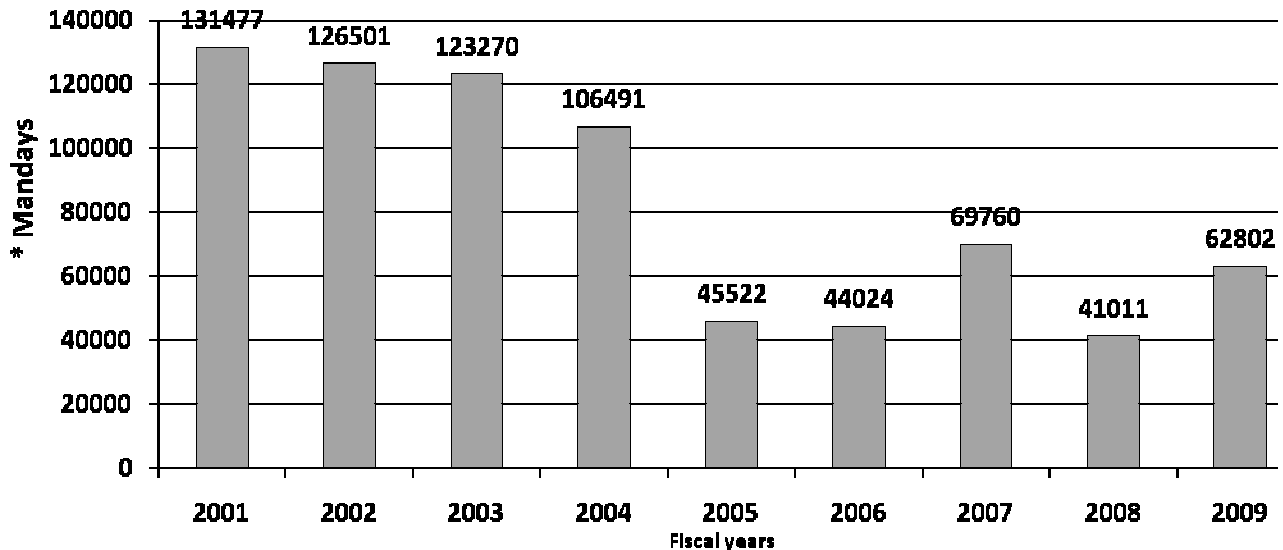
Activity: CAMP RIPLEY/HOLMAN

Narrative

training and educational facilities, and provides another opportunity for the Minnesota National Guard to give back to the citizens of the state.

Civilian usage of Camp Ripley began to decline with increased security on the post. Official government training has also declined as budgets at all levels of government have been reduced; thus, restricting funds available for training. As of 2005, MDMA no longer tracks the numbers of visitors, only officially recognized training events.

Camp Ripley Civilian Use



* A manday represents one day of work by one person.

Activity Funding

Most of the facilities at Camp Ripley are 100% supported with federal funds; however, some square footage, and the associated support activities, is predominantly used by the state. The MDMA pays for these activities through a direct appropriation from the General Fund. Some revenue is also generated through the use of Camp Ripley.

Contact

For further information on this activity, contact:
Facilities Management Office
15000 Highway 15
Little Falls, Minnesota 56345-4173
Phone (320) 632-7314

MILITARY AFFAIRS DEPT
Program: MAINT TRAINING FACILITIES
 Activity: CAMP RIPLEY/HOLMAN

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	853	889	885	897	1,782
Statutory Appropriations					
General	1	226	110	110	220
Miscellaneous Special Revenue	724	1,092	1,120	1,097	2,217
Federal	24,511	39,269	39,269	39,269	78,538
Federal Stimulus	4,688	0	0	0	0
Total	30,777	41,476	41,384	41,373	82,757
<u>Expenditures by Category</u>					
Total Compensation	9,474	10,041	10,271	10,297	20,568
Other Operating Expenses	9,963	21,310	20,883	20,844	41,727
Capital Outlay & Real Property	11,340	10,125	10,230	10,232	20,462
Total	30,777	41,476	41,384	41,373	82,757
Full-Time Equivalents (FTE)	148.3	170.9	173.0	173.0	

Activity at a Glance

Manages the operation of:

- 63 facilities;
- 1.93 million square feet of building space;
- 325 acres of property; and
- \$249.4 million of investment in facilities.

Activity Description

This activity provides the funding for the daily operation, maintenance, and repair of armories located throughout the state. Under the provisions of M.S. 190.11, the Adjutant General is charged with operation, care, and preservation of facilities and installations. This activity also provides the structure for receipt of federal funds for construction projects, cooperative agreement funding for federal and community use of facilities, and federal funding for telecommunications costs.

Population Served

The population served by this program is the Army National Guard soldiers and, to some extent, citizens of the communities where National Guard facilities are located.

Services Provided

Under this program, DMDA operates and maintains 63 National Guard Training and Community Centers (armories). This activity provides funding for utilities, maintenance and repair, and various inspections. It also provides funding for some essential facility maintenance equipment. We partner with local government in several locations to leverage resources to operate and maintain facilities.

These facilities provide space for:

- Administrative and logistical support, and training for the 11,317 Army National Guard soldiers located in Minnesota;
- Stationing and support of soldiers called to state active duty by the governor in response to emergencies;
- Events and programs of government and community organizations;
- Individuals participating in distance learning programs; and
- Emergency shelters during weather emergencies.

Historical Perspective

Due to budget constraints and loss of federally supported manning (authorized positions), the department closed 12 armories in 1991. Since then, the National Guard's strength in Minnesota has increased significantly from 8,900 in 1991 to almost 11,317 today. After the layoff of state-funded general maintenance workers in 1998, routine maintenance and upkeep of armories has been accomplished in two ways. The first is through contracting with local vendors, and the second is by adding the routine cleaning to soldiers' workloads.

Following the events of September 11, 2001, the National Guard has been called upon to perform a greater role in the defense of the nation and state. This role includes deploying 11,347 personnel around the globe with more deployments of citizen-soldiers planned for the future. This bigger role has resulted in higher demand for the National Guard units throughout the state, which, in turn, creates a greater burden on the facilities and personnel. Additionally, as we modernize our facilities, new systems are being put in place that require more technical maintenance procedures and inspections, thereby increasing the need for additional maintenance funding. Two such examples are the installation of fire sprinkler systems, which must be inspected/serviced on an annual basis and the installation of modern, efficient heating/cooling systems which, because of their complexity, require contracting for the necessary technical expertise.

Key Activity Goals & Measures

The armory maintenance activity supports the department's strategic goals of:

- "Preparing units for mission readiness." Without training facilities that are supported under this activity, the Minnesota National Guard would be unable to meet the objectives of the federal, state and community missions.
- To "be of value to our communities," specifically measured as the "civilian usage of training and community centers". See the department's results at (<http://www.accountability.state.mn.us/Departments/MilitaryAffairs/>)

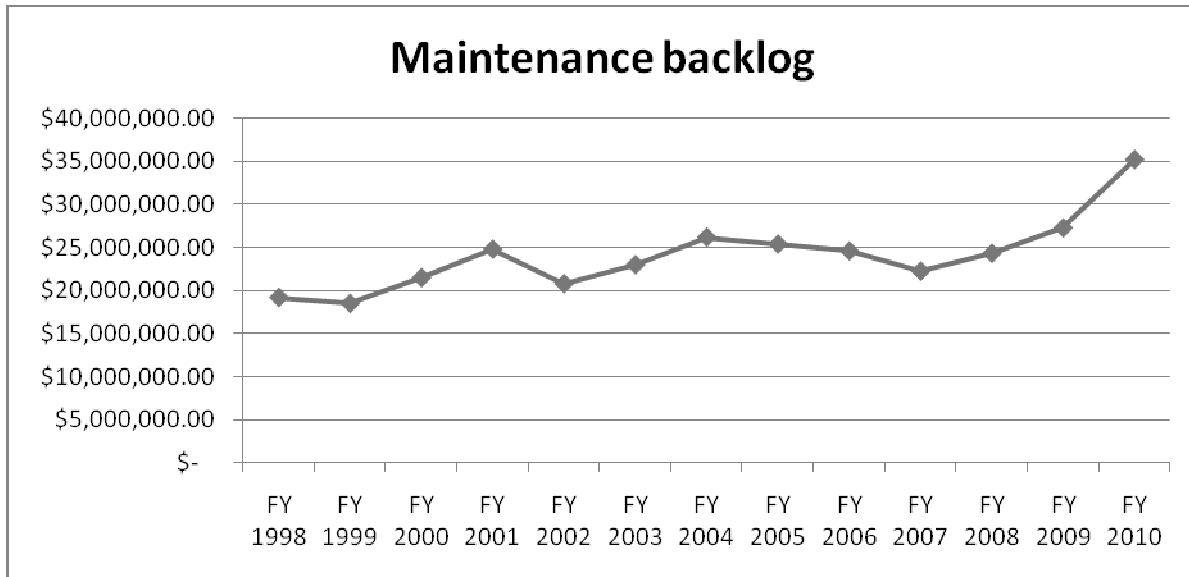
MILITARY AFFAIRS DEPT

Program: MAINT TRAINING FACILITIES

Activity: ARMORY MAINTENANCE

Narrative

One measure of the goal “preparing units for mission readiness” is the level of maintenance backlog. An effective preventative maintenance program can prevent minor repairs becoming more expensive major repairs. The following chart shows the actual backlog as measured on January 1 of each year. The maintenance backlog has increased due to aging facilities, reduced funding for major repairs, loss of custodial support, and increased facility use.



Activity Funding

The state is responsible for the maintenance, operation, and upkeep of armory facilities. Federal funding is received when the agency shares or leases space to other military organizations. Local funding is received when MDMA partners with local government in the operation, maintenance, and use of facilities. MDMA also receives federal funds under cooperative agreements, whereby the federal government covers 75% of the costs of facility construction. The federal government also pays 100% of the telecommunications costs for these facilities.

The state received increased federal funding in FY 2002 and FY 2003 for the completion of the Training and Community Center in Mankato and anticipated projects, including the design of a maintenance facility in Arden Hills. In FY 2007 and 2008, federal funding was allocated to replace the rented armory facility in Cambridge and replace the armory in Faribault. Construction is complete for both projects. Since these facilities were constructed jointly with the Army Reserve as Base Realignment and Closure projects, the buildings were 100% funded by the federal government; however, it is the responsibility of the state to provide for the ongoing maintenance of these facilities.

Contact

For further information, contact:
Division of Public Works, Facilities Management Office,
15000 Highway 115
Little Falls, Minnesota 56345-4173
Phone: (320) 616-3004

MILITARY AFFAIRS DEPT
Program: MAINT TRAINING FACILITIES
 Activity: ARMORY MAINTENANCE

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,947	5,771	4,763	4,759	9,522
Statutory Appropriations					
Miscellaneous Special Revenue	11	92	90	90	180
Federal	19,867	55,707	55,707	55,707	111,414
Total	23,825	61,570	60,560	60,556	121,116
<u>Expenditures by Category</u>					
Total Compensation	458	502	484	489	973
Other Operating Expenses	9,740	15,068	14,076	14,067	28,143
Capital Outlay & Real Property	13,627	46,000	46,000	46,000	92,000
Total	23,825	61,570	60,560	60,556	121,116
Full-Time Equivalents (FTE)	6.1	6.3	6.9	6.9	

Activity at a Glance

The facilities managed represent:

- 454,321 square feet;
- 39 buildings and 48 other facilities; on
- 125 acres.

These facilities support:

- Eight C-130H model transport airplanes;
- 1,300 air guard members;
- 133 vehicles; and
- Over 4,400 equipment items.

Activity Description

The Adjutant General may, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state. This activity provides for that cooperation in operating and maintaining the 133rd Airlift Wing (AW), Minnesota Air National Guard base, located at the Minneapolis-St. Paul International Airport.

Population Served

This activity predominantly serves the 1,300 members of the 133rd Airlift Wing, Minnesota Air National Guard. It also serves the citizens of the state when natural disasters strike and can provide support to other states in times of national emergencies. The primary mission of the Wing is to command units ready for immediate support to accomplish federal and state requirements for the airlift of troops, cargo, and medical patients for state, national, or international emergencies.

Services Provided

The state partners with the federal government to cover the costs of operating, maintaining, and repairing the air base facilities. They also partner to fund base security and fire protection. These activities are regulated by the federal government, while the budget and state human resources activities are monitored and approved by MDMA.

Historical Perspective

The 133rd Airlift Wing participated in several missions during the statewide snow removal operations and floods of 1997, providing snow removal and water pumping equipment and personnel, and airlifting equipment and sandbags to those areas hit by the flood. In the spring of 2001, the Wing also provided statewide assistance for flood response.

The 133rd Airlift Wing activated hundreds of members to provide essential services to the residents of the state veterans homes during the October 2001 state employee strike. In 2005, the Wing assisted states impacted by hurricanes Katrina and Rita, providing numerous personnel and equipment for airlift, medical, fire, security and services needs. In 2006, the Wing supplied an Incident Commander, communications personnel and refuelers for the Boundary Waters Canoe Area forest fire. From early 2006 through 2007, the unit deployed numerous personnel and specialties to Operation Jump Start, providing assistance to the border patrol and local law enforcement agencies in Arizona and New Mexico. In 2007, the unit provided on-site assistance for the recovery efforts of the I-35W bridge collapse. These efforts included setting up light carts and generators, and supporting the Navy dive team. The Wing supported flood relief efforts in western Minnesota by dispatching transportation, logistics, communications and public affairs personnel with associated equipment in 2009 and 2010.

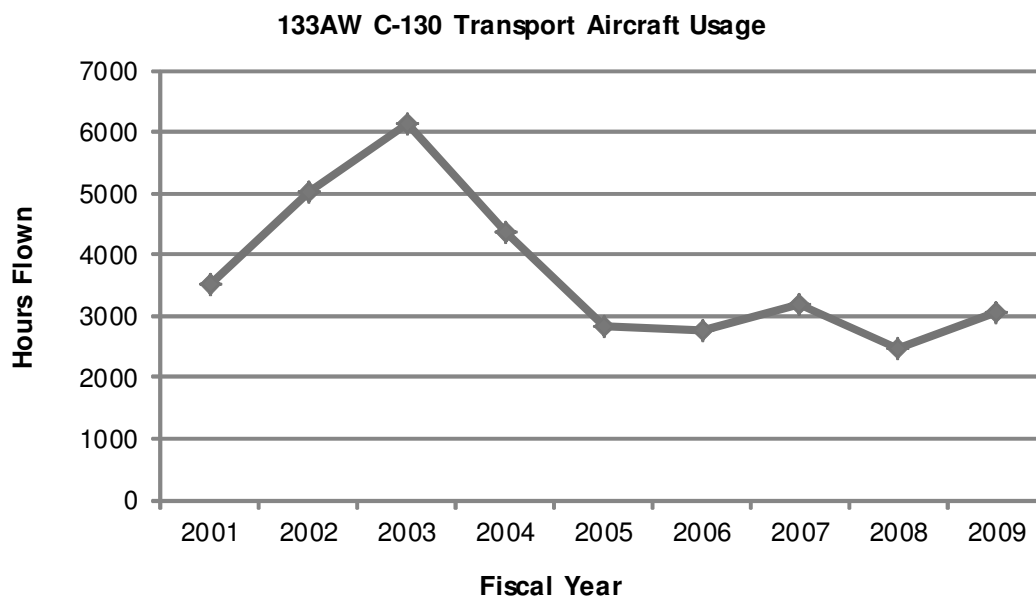
Since September 11, 2001, the operational pace of the 133rd Airlift Wing has increased dramatically. In 2001, the Wing deployed aircraft and airmen to Southwest Asia in support of the initial effort for the Global War on Terrorism. In 2003, the Wing deployed 6 aircraft and over 700 airmen to 18 countries supporting Operations Enduring Freedom and Iraqi Freedom. The Wing is currently providing theater airlift and combat support to numerous locations in the Middle East while maintaining a heightened state of alert. To date, over 5,000 airmen from the 133rd AW have been deployed to various locations around the globe in support of the War on Terror.

Key Activity Goals & Measures

The Air Base Maintenance – Twin Cities activity supports the department’s strategic goal of:

- “Preparing units for mission readiness.” Without training facilities that are supported under this activity, the Minnesota National Guard would be unable to meet the objectives of this strategic goal. See the department’s results at <http://www.accountability.state.mn.us/Departments/MilitaryAffairs/index.htm>.

The federal employees of the Air Wing develop budgets and apply for federal funding under the terms and conditions established by the federal government. Much of the federal funding is driven by the Wing’s flying hour program. As illustrated in the following chart, there was a substantial increase in flying hours in response to September 11, 2001, which have since decreased with more recent focus on Homeland Defense and Domestic Operations. Increased activities place a greater strain on facilities.



Activity Funding

The costs for providing facility operations and maintenance are shared with the federal government. The federal government provides 75% of the funding for facility operations and maintenance (including the salaries for state employees responsible for civil engineering and facility maintenance) and airfield lease costs. The state must provide the other 25%. The federal government also pays 100% of the costs of construction and facility repairs, base security and the operational costs for a C-130 regional flight simulator. Federal funding has been increasing since September 11, 2001, but the agency is uncertain about future trends.

Contact

For further information on this activity, contact:
Headquarters, Minnesota Air National Guard
Veterans Service Building
20 West 12th Street,
Saint Paul, Minnesota 55155-2098
Phone: (651) 268-8966.

You may also visit the 133rd’s website at <http://www.133aw.ang.af.mil/>.

MILITARY AFFAIRS DEPT
Program: MAINT TRAINING FACILITIES
 Activity: AIR BASE MAINT-TWIN CITIES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	446	529	538	537	1,075
Statutory Appropriations					
Federal	1,661	2,961	2,961	2,961	5,922
Total	2,107	3,490	3,499	3,498	6,997
<u>Expenditures by Category</u>					
Total Compensation	1,739	2,016	2,025	2,024	4,049
Other Operating Expenses	368	1,474	1,474	1,474	2,948
Total	2,107	3,490	3,499	3,498	6,997
Full-Time Equivalents (FTE)	29.7	31.9	31.9	31.9	

Activity at a Glance

MDMA manages:

- 506,385 square feet of facilities in
- 55 separate structures

That support:

- 1,1041 Air National Guard members; and
- 15 F-16C, Block 50 fighter jets.

Activity Description

The Adjutant General may, under M.S. 190.16, cooperate with the federal government to construct and maintain facilities required for training and housing the military forces of the state. This activity provides for that cooperation in operating and maintaining the 148th Fighter Wing, Minnesota Air National Guard base, located at the Duluth International Airport.

Population Served

This activity predominantly serves 1,100 members of the 148th Fighter Wing, Minnesota Air National Guard. It also serves the citizens of the state when natural disasters strike and in times of national emergencies. The mission of the 148th is to provide the nation with a wing of 15 Block 50, F-16C model fighter aircraft, ready for immediate deployment for state, national, or international emergencies.

Services Provided

Through a series of cooperative agreements with the federal government, the MDMA partners to provide for facility operational costs, maintenance and repair costs, and also base security and fire protection. These activities are regulated by the federal government, but the budget and state human resource activities are monitored and approved by the department.

Historical Perspective

The 148th Fighter Wing has participated in many federal missions, including Operation Iraqi Freedom, Enduring Freedom, Noble Eagle and Jump Start. It also provided security, medical, aircraft refueling, fire support, services support, as well as vehicle maintenance technicians and heavy equipment operators for state active duty call-ups. Unit Explosive Ordnance Disposal (EOD) technicians also support the state and community by providing invaluable expertise. The EOD responded to 28 local law enforcement requests in 2007. The 148th provides the sole crash, fire and rescue services to the Duluth International Airports and their tenants on the airfield, which responded to over 250 airfield emergencies in 2009.

Since September 11, 2001, the operational pace of the 148th Fighter Wing has increased dramatically. The Wing is currently supporting a 24-hour Air Sovereignty Alert (Air Defense) mission from Duluth. It also performed alerts in 2007 and 2008 in support of Air Force needs at Minneapolis, Shaw Air Force Base in South Carolina, Hickam Air Force Base in Hawaii, and Elmendorf Air Force Base in Alaska. Simultaneously, the 148th supported three large deployments of over 300 persons to Balad Air Base in Iraq in 2005, 2007 and 2008. It also partially mobilized its Security Police Squadron and Civil Engineer Squadron to support deployments throughout Southeast Asia.

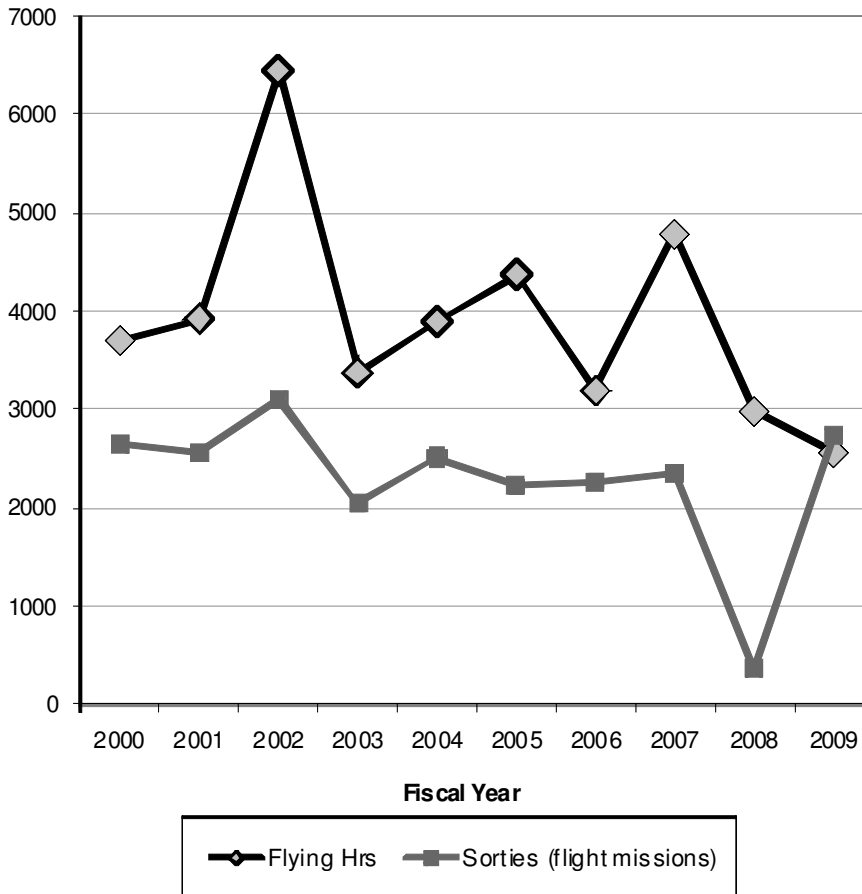
Key Activity Goals & Measures

The Air Base Maintenance – Duluth activity supports the department's strategic goal of:

- "Preparing units for mission readiness." Without training facilities that are supported under this activity, the Minnesota National Guard would be unable to meet the objectives of this strategic goal. See the department's results <http://www.accountability.state.mn.us/Departments/MilitaryAffairs/index.htm>.

Funding constraints on the federal side drive the state's obligations. The federal employees of the Air Wing develop budgets and apply for federal funding under the terms and conditions established by the federal government. The flying hour program and mission requirements drive much of the federal funding the agency receives. These activities put a strain on facilities due to much higher use. The chart below shows the operations tempo that drives much of the federal funding.

F-16 Fighter Aircraft



Activity Funding

The costs for providing facility operations and maintenance are shared with the federal government. The federal government provides 80% of the costs for operations, maintenance, and airfield lease costs. The state must provide the other 20%. The federal government also pays 100% of the costs of a real property manager, base security, and airfield firefighting. Federal funding for security, firefighting, and operational costs have increased since 9-11-01.

Contact

For further information on this activity, contact:
Headquarters, Minnesota Air National Guard
Veterans Service Building
20 West 12th Street
Saint Paul, Minnesota 55155-2098
Phone: (651) 268-8966.

You may also visit the 148ths web site at www.148fw.ang.af.mil.

MILITARY AFFAIRS DEPT
Program: MAINT TRAINING FACILITIES
 Activity: AIR BASE MAINT-DULUTH

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	411	474	474	467	941
Statutory Appropriations					
Federal	4,013	5,212	5,212	5,212	10,424
Total	4,424	5,686	5,686	5,679	11,365
<u>Expenditures by Category</u>					
Total Compensation	4,046	4,537	4,537	4,530	9,067
Other Operating Expenses	378	1,149	1,149	1,149	2,298
Total	4,424	5,686	5,686	5,679	11,365
Full-Time Equivalents (FTE)	74.1	74.0	74.0	74.0	

Program Description

The purpose of the General Support program is to provide the leadership, administrative and technical support for the department. It also provides the support for members of the National Guard called to state active duty by the governor. The program pays the operating costs for the department headquarters in St. Paul, including rent for the Veterans Services Building.

Budget Activities

This program includes the following budget activities:

- Administrative Services
- Auxiliary Services
- STARBASE Minnesota

MILITARY AFFAIRS DEPT

Program: GENERAL SUPPORT

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,366	2,366	2,366	2,366	4,732
Technical Adjustments					
Operating Budget Reduction			(3)	(3)	(6)
Subtotal - Forecast Base	2,366	2,366	2,363	2,363	4,726
Total	2,366	2,366	2,363	2,363	4,726
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,240	2,871	2,613	2,621	5,234
Statutory Appropriations					
Miscellaneous Special Revenue	260	934	989	1,004	1,993
Federal	766	966	966	966	1,932
Total	3,266	4,771	4,568	4,591	9,159
<u>Expenditures by Category</u>					
Total Compensation	1,387	1,630	1,627	1,637	3,264
Other Operating Expenses	901	1,443	1,512	1,515	3,027
Capital Outlay & Real Property	0	150	150	150	300
Payments To Individuals	0	30	0	0	0
Local Assistance	978	1,518	1,279	1,289	2,568
Total	3,266	4,771	4,568	4,591	9,159
<u>Expenditures by Activity</u>					
Administrative Services	2,264	3,245	2,992	3,005	5,997
Auxiliary Services	212	400	400	410	810
Starbase Minnesota	766	966	966	966	1,932
Cr Timber Sales	24	160	210	210	420
Total	3,266	4,771	4,568	4,591	9,159
Full-Time Equivalents (FTE)	18.9	18.9	19.0	19.0	

Activity at a Glance

This activity provides support to:

- 300 state employees; and
- 13,742 members of the Minnesota National Guard.

Activity Description

The Adjutant General is the military chief of staff to the governor and is the department head. The assistant Adjutant General and other key members of his staff are charged with policy development, management, supervision, and support of the Minnesota Army and Air National Guard. This activity provides the leadership, planning, technical, and administrative support for the state agency. It also provides the support for the separate grants and programs authorized by the legislature, such as the Support Our Troops funding.

Population Served

The administrative services activity provides support to the Adjutant General's staff, the department directors responsible for the cooperative agreements with the federal government, the state employees of the department, and, in times of state declared emergencies, the members of the Minnesota Army and Air National Guard called to state active duty.

Services Provided

Through this activity, the MDMA provides policy guidance and support in the following areas:

- Strategic planning;
- Administration and training;
- Facility maintenance and management;
- Acquisition of funding for new construction;
- Personnel and recruiting; and
- Military operational readiness.

Administrative and management services provided include:

- Senior leadership and management;
- Budget and accounting functions;
- Fiscal management of the state/federal cooperative agreement;
- Internal audit and management controls;
- Payroll and logistical support to personnel called to state active duty;
- Human resources support services for 299 state employees; and
- Processing payments for departmental operations.

Historical Perspective

The workload for this part of the agency has increased over the past few years in response to activation of the Minnesota National Guard for state active duty, and the increase in federal funding for specific programs. The Minnesota National Guard has never been more engaged in world-wide missions. The National Guard is no longer a cold-war era strategic reserve force, but rather it is an operational force being utilized daily in the War on Terrorism. Therefore, increases in federal missions also increase the workload for the Adjutant General and his state staff.

Key Activity Goals & Measure

The administrative services activity supports the Minnesota Milestones statewide goals of "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them" and "Price of government" <http://server.admin.state.mn.us/mm/goal.html> in several ways, including:

- Ensuring bills, and therefore vendors, are paid promptly; and
- Avoiding additional charges related to late payment penalties and interest.

One of the measures used by the agency to evaluate efficiency is the percentage of invoices that are paid promptly, as defined by Minnesota statute. If there is no early payment discount period, the invoice must be paid within 30 days of receiving the invoice for the completed delivery of the product or service. The current state established goal is 98%. The data below shows that measure from FY 2000 through FY 2010.

MILITARY AFFAIRS DEPT

Program: GENERAL SUPPORT

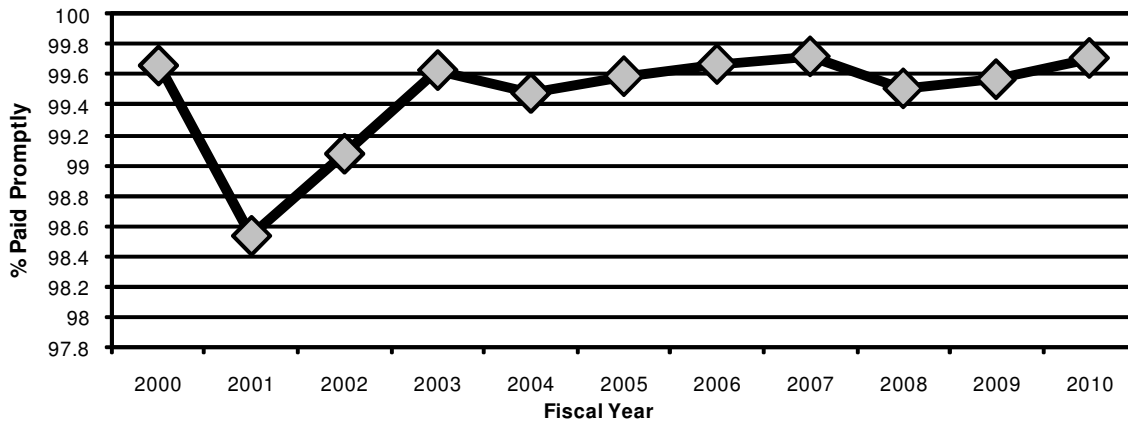
Activity: ADMINISTRATIVE SERVICES

Narrative

Activity Funding

Funding for this activity predominantly comes from the state general fund. Some special revenue is recognized as part of an employee sharing agreement with the Minnesota State Armory Building Commission.

Obligation Payment History



Contact

For further information, contact
Comptroller, Department of Military Affairs
20 West 12th Street
Saint Paul, Minnesota 55155-2098
Phone: (651) 268-8948
<http://www.minnesotanationalguard.org/>

MILITARY AFFAIRS DEPT
Program: GENERAL SUPPORT
 Activity: ADMINISTRATIVE SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	2,366	2,366	2,366	2,366	4,732
Technical Adjustments					
Operating Budget Reduction			(3)	(3)	(6)
Subtotal - Forecast Base	2,366	2,366	2,363	2,363	4,726
Total	2,366	2,366	2,363	2,363	4,726
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,240	2,871	2,613	2,621	5,234
Statutory Appropriations					
Miscellaneous Special Revenue	24	374	379	384	763
Total	2,264	3,245	2,992	3,005	5,997
<u>Expenditures by Category</u>					
Total Compensation	1,387	1,630	1,627	1,637	3,264
Other Operating Expenses	877	1,283	1,302	1,305	2,607
Payments To Individuals	0	30	0	0	0
Local Assistance	0	302	63	63	126
Total	2,264	3,245	2,992	3,005	5,997
Full-Time Equivalent (FTE)	18.9	18.9	19.0	19.0	

Activity at a Glance

Serves as "pass through" for funds from sale of closed armories.

Activity Description

This activity provides the accounting and budgeting structure for receipts of payments from the sale of closed armories under the provisions of M.S. 193.36.

Population Served

The state of Minnesota and local government entities.

Services Provided

This activity serves as a pass through for the receipt and dispersal of proceeds from the sale of closed armories. Armories are sometimes closed and replaced, through federal funding, with more modern facilities. Other times, they are closed when the federal government reduces the authorizations for National Guard personnel in the state and there is excess space.

Key Activity Goals & Measures

This activity supports the broader goal of:

- Minnesota Milestones statewide goals indicator 37: Price of government <http://server.admin.state.mn.us/mm/goal.html> by using the funds generated from the sale of excess facilities to help pay for new facilities and providing an alternative source of funding for maintenance and repair of department facilities. Both of these help avoid general fund expenditures.

There are no measures associated with this activity. Occasionally, armories are replaced and the old facility is sold to help finance the construction of the new facility.

Activity Funding

In FY 2001, MDMA received revenue from the sale of unused parcels in Duluth and a contract for deed payment for the sale of the old Montevideo armory. In FY 2002, the department received revenue from the final two contracts for deed payments from the sale of the old Montevideo armory and the sale of an unused parcel in Dawson, Minnesota. In FY 2003, revenue was received from the down-payment on a contract for deed from the old Long Prairie armory, and FY 2004 revenue was received from the sale of the old Mankato armory. Both of these facilities have been replaced and, in accordance with state statute, the revenue was used to defray the costs of the replacement facilities. Military Affairs has not sold any facilities or property since FY 2004.

Contact

Comptroller, Department of Military Affairs
20 West 12th Street
Saint Paul, Minnesota 55155
Phone: (651) 268-8948
<http://www.minnesotanationalguard.org>

MILITARY AFFAIRS DEPT
Program: GENERAL SUPPORT
 Activity: AUXILIARY SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Miscellaneous Special Revenue	212	400	400	410	810
Total	212	400	400	410	810
<u>Expenditures by Category</u>					
Capital Outlay & Real Property	0	150	150	150	300
Local Assistance	212	250	250	260	510
Total	212	400	400	410	810

Activity at a Glance

STARBASE is an accredited educational program, which:

- Provides 20-hour science, math, technology and engineering programs in an aerospace environment
- Serves over 3,100 4th - 6th grade students annually.

Activity Description

The MDMA sponsors STARBASE Minnesota, a 501(c) 3 nonprofit organization. The purpose of STARBASE is to increase the knowledge and skills of inner city youth in science, mathematics, technology and engineering using an aerospace environment to motivate and inspire students.

MDMA serves as a “pass through” for federal funding for the STARBASE program.

Population Served

Each year, STARBASE serves over 3,100 inner city 4th – 6th graders, primarily from Minneapolis and St. Paul schools.

Services Provided

By providing a mix of hands-on, real world learning activities, and scientific experimentation and exploration, students are inspired to learn from unique educational experiences rarely found in traditional classroom settings. STARBASE delivers the curriculum, throughout the school year and summer, in 5-day, 20-hour programs that are aligned with national and state standards.

Historical Perspective

The STARBASE program began in 1993. The interest in STARBASE and demand for the program has created a waiting list of schools who would like to attend. STARBASE has steadily expanded its programs and services over the past 15 years, educating over 33,000 students as of September 2010.

Key Activity Goals & Measures

The goal of STARBASE is to increase the knowledge, skills, and interests of inner city youth in science, mathematics, technology and engineering through aerospace.

Pre- and post-assessments measure students’ gains in knowledge, skills, and attitudes in science, math, and technology. It also measures students’ awareness of science, technology, engineering and mathematics (STEM) careers.

STARBASE utilizes a multi-pronged assessment and evaluation process in order to measure the effectiveness of programs in meeting its mission. FY 10 results, the most recent full year of results, are below. Numerous other reports are also utilized to analyze data to identify gaps of understanding and to drive curriculum and instructional decisions.

- 97% of students improved from pre to post test; Students who participated in STARBASE programs demonstrated an average pre-test score of 42% and post-test score of 74%.
- 89% of students responded that they desired to learn more math and science after STARBASE Minnesota.
- 55% of students reported an interest in a career discussed or observed at STARBASE.
- 97% of students responded that STARBASE made learning fun.
- 98% of students responded that they would like to come back to STARBASE.
- 100% of teachers who participated reported gains in their own knowledge, skills, and approaches to teaching and learning.
- 91% of the teachers who participated rated STARBASE excellent, 9% very good.

Activity Funding

STARBASE is primarily funded through the federal government. In FY09, MDMA used \$25,000 in state funding for a longitudinal study on the effectiveness of the program and \$150,000 for the pre/design of a STARBASE facility. Additional funding in FY10 included a \$15,000 grant from Medtronic.

Contact

For further information about STARBASE, contact:
 Executive Director, STARBASE Minnesota
 659 Mustang Avenue
 Saint Paul, Minnesota 55111-4128
 Phone: (612) 713-2530 <http://www.starbasemn.org>.

MILITARY AFFAIRS DEPT
Program: GENERAL SUPPORT
 Activity: STARBASE MINNESOTA

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
Federal	766	966	966	966	1,932
Total	766	966	966	966	1,932
<u>Expenditures by Category</u>					
Local Assistance	766	966	966	966	1,932
Total	766	966	966	966	1,932

Program at a Glance

This program provides enlistment incentives used in FY 2010 by:

- 4,012 (30%) of Minnesota National Guard members.

Program Description

Incentives for Minnesota citizens to join and remain in the National Guard are authorized by M.S. 192.501, enacted by the legislature in 1989 and amended by the legislature five times, most recently in 2008.

Population Served

This activity provides funding for the state's enlistment incentives program, which serves 13,390 members of the Minnesota Army and Air National Guard.

Services Provided

The **Tuition Reimbursement** program has not only helped the Minnesota Army and Air National Guard enlist and retain members, it has also provided educational opportunities to many members who may not otherwise be financially able to attend school. Tuition reimbursement is not guaranteed, as soldiers and airmen must attain a minimum grade of C in their course(s) in order to receive reimbursement.

The **Extended Tuition Reimbursement** program started in FY 2006 as a way for soldiers and airmen, who have been ordered to active federal service, to utilize their tuition reimbursement benefit after satisfactorily completing their service contracts. The program is meant to provide those members that have been called to active service with additional time to complete their education. Tuition reimbursement is available to these soldiers and airmen for two years, plus their time of federal service, after they separate from the Minnesota National Guard.

The **Spousal Tuition Reimbursement** program, authorized by the 2008 Legislature, is intended to provide a meaningful benefit for those service members who have completed their education or who choose not to go to school. The spouse of a currently serving member in the ranks of E6, E7, O2, and O3 may use any of the unused portion of the member's tuition reimbursement benefit.

State Re-enlistment Bonuses are paid to members of the Minnesota National Guard that have between six and twelve years of service. The state offers a \$3,000 bonus for a three year extension and \$5,000 bonus for a six year extension of service. The bonus is paid in increments of \$1,000 per year until the maximum amount is reached. This incentive aids in the retention of mid-career soldiers and airmen, keeping their valuable experience in service.

Medic Recertification Bonus program, also authorized by the 2008 Legislature, is paid to members of the Minnesota National Guard who are currently serving in a medical duty positions that require Emergency Medical Training-Basic (EMT-B) certification. The incentive is designed to retain service members in the Medical Corps. The state offers a \$1,000 bonus to enlisted service members who have completed their biennial EMT-B certification and agree to serve two years in the Minnesota National Guard.

Historical Perspective

The keystone of the incentives program is the **tuition reimbursement** program. Beginning in FY 2006, tuition reimbursement began funding 100% of tuition costs, covering up to the undergraduate rate at the University of Minnesota – Twin Cities campus. Prior to FY 2006, funding levels varied from 50% to 80%. Funding 100% of tuition costs provide an incentive for soldiers and airmen to join the Minnesota National Guard and further their education.

Effective July 1, 2010, the maximum annual reimbursement is capped at \$7,500, due to the increase in tuition rates at educational institutions and the number of service members that use the program. Without the cap, the program was projected to run out of funds by the end of the third quarter of FY2011.

The tuition reimbursement program allows the Minnesota National Guard to compete with neighboring states in recruitment.

Minnesota National Guard members continue to be called to federal and state active service. These activations often place great strain on work and family life. Incentives are needed to encourage members to maintain their affiliation with the National Guard and retain combat veteran experience. Current and future increases in tuition rates strain MDMA's ability to continue to provide the same level of enlistment incentive benefits as have been provided in past years.

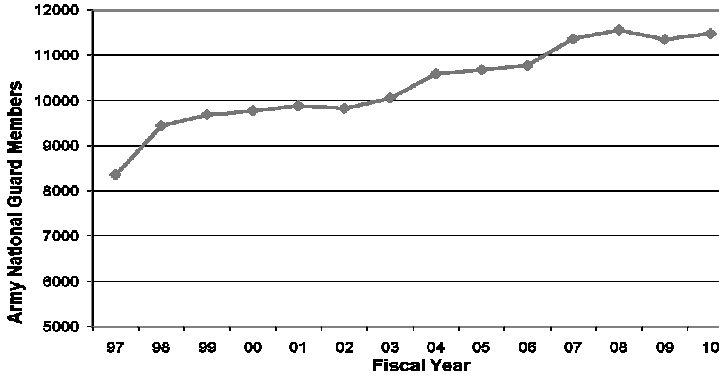
Key Program Goals & Measures

The enlistment incentives program directly supports the following goals:

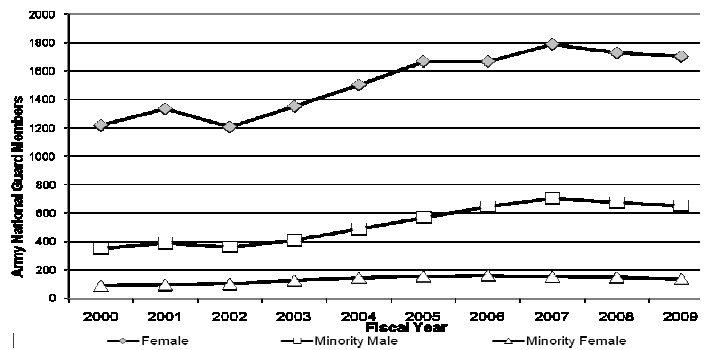
- Minnesota Milestones Indicator number 41 - "Post-high school education and training" and number 43 - "Adults with college education" <http://server.admin.state.mn.us/mm/goal.html>. The program provides opportunities for members who might not otherwise be able to afford college, to attend and be reimbursed when they complete their coursework.
- MDMA's strategic goal to "recruit and retain," as the National Guard needs sufficient forces to accomplish its state and federal missions. See the department's results at <http://www.accountability.state.mn.us/Departments/MilitaryAffairs/index.htm>.

The state tuition reimbursement is effective in attracting women and minorities. The tables below show the level of minority and female membership in the Army National Guard and total personnel strength of the Army National Guard over the past five years. Until growth in the National Guard end strength was restricted, the numbers showed a positive correlation between the incentives program and the recruitment and retention of members, particularly females and minorities.

Effect on Total Strength



Effect on Female/Minority Participation



Program Funding

All of the funding for this program is provided by the state general fund; 84% of the funding is spent on tuition reimbursement, 15% on bonuses, and 1% on overhead costs (primarily salary).

Contact

For further information, contact:
 Incentive and Educational Services Officer
 Department of Military Affairs
 20 West 12th Street
 Saint Paul, Minnesota 55155-2098,
 Phone: (651) 268-8851
<http://www.minnesotanationalguard.org/>

MILITARY AFFAIRS DEPT

Program: ENLISTMENT INCENTIVES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	13,348	10,348	10,348	10,348	20,696
Subtotal - Forecast Base	13,348	10,348	10,348	10,348	20,696
Governor's Recommendations					
TUITION REIMBURSEMENT INCR		0	1,500	1,500	3,000
Total	13,348	10,348	11,848	11,848	23,696
 <u>Expenditures by Fund</u>					
Direct Appropriations					
General	12,802	11,756	11,848	11,848	23,696
Total	12,802	11,756	11,848	11,848	23,696
 <u>Expenditures by Category</u>					
Total Compensation	2,427	1,767	1,757	1,757	3,514
Payments To Individuals	10,375	9,989	10,091	10,091	20,182
Total	12,802	11,756	11,848	11,848	23,696
 <u>Expenditures by Activity</u>					
Enlistment Incentives	12,802	11,756	11,848	11,848	23,696
Total	12,802	11,756	11,848	11,848	23,696
 Full-Time Equivalent (FTE)	 2.0	 2.0	 2.0	 2.0	

The Department of Military Affairs has a Master Cooperative Agreement with the Federal Government through the National Guard Bureau that has a series of funding appendices that provide federal funding for the operation, maintenance and repair of facilities used by the Minnesota National Guard for training service members. The recurring, general operational portion of this funding is about \$35 million per year. The one-time, construction funding can range from \$40 million to \$80 million range per year

The state is required to hire employees to provide direct services such as base security, airfield firefighting, facilities operation, maintenance and repair, and construction and design services. The state also needs a complement of employees to provide the indirect services such as accounting, budgeting, human resources, planning, safety, and administrative services required to support those activities.

State matches are required in several areas. The match varies from 50% to 80% depending on what type of activities and facilities are supported. The recurring portion of these match requirements are approximately \$1.2 million per year. Army National Guard facility construction for facilities not on federally supported land usually require a 25% state contribution. Facilities on supported land are usually 100% federally funded. These construction projects each require a separate cooperative agreement.

Remodeling/renovation projects generally require a 50%-50% state match. State funds for these projects are provided through capital bonding appropriations.

Estimates are based on the best federal funding information currently available as of November 2010. Most federal awards that impact state FY 2011-2013 are not yet confirmed. Therefore, the department uses historical trend information from recent years for ongoing programs along with funding estimates from federal program managers. Military Affairs anticipates decline in the federal support over the next several years.

Federal Award Name + Brief Purpose	New grant	Required state match/MOE? Yes/No		SFY 2010 Revenues	SFY 2011 Revenues	Estimated SFY 2012 Revenues	Estimated SFY 2013 Revenues
		Match	MOE				
Armory Maintenance – Facility Operations and maintenance	No	Yes	Yes	147	95	100	100
Armory Construction – New facility and remodeling	No	Yes	Yes	18,739	61,291	45,280	45,280
Camp Ripley/Holman Field – Facility operations and maintenance	No	No	Yes	17,323	26,299	41,746	41,619
Facilities Management Army National Guard	No	Yes	Yes	2,005	2,217	2,350	2,350
Air Base Duluth – Operations & Maint.	No	Yes	Yes	4,015	5,219	5,300	5,400
Air Base Mpls – Operations & Maint.	No	Yes	Yes	1,663	2,958	3,373	3,400
Environmental/Communications – Facilities Support	No	No	Yes	4,232	5,073	5,100	5,100
STARBASE – Educational Program	No	No	Yes	766	966	966	966
ARRA – One-time Facilities Funding	Yes	Yes	Yes	4,688	0	0	0
Total				53,431	104,023	104,115	104,115

MILITARY AFFAIRS DEPT

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm.		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Other Sources:					
General	2	2	2	2	4
Total Non-Dedicated Receipts	2	2	2	2	4
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	508	1,001	1,024	1,001	2,025
Federal	54,344	104,035	104,035	104,035	208,070
Federal Stimulus	4,688	0	0	0	0
Other Revenues:					
General	117	110	110	110	220
Miscellaneous Special Revenue	106	260	260	260	520
Federal	83	80	80	80	160
Other Sources:					
Miscellaneous Special Revenue	251	555	565	570	1,135
Total Dedicated Receipts	60,097	106,041	106,074	106,056	212,130
Agency Total Revenue	60,099	106,043	106,076	106,058	212,134

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	5

Agency Purpose

Conservation Corps Minnesota provides hands-on environmental stewardship and service-learning opportunities to youth and young adults while completing valuable conservation and natural-resource management projects, as well as emergency response work, throughout our region.

Our goals are to help young people become more connected to the environment, engaged in natural-resource conservation, involved in the community and prepared for future employment. We integrate young people from various socio-economic backgrounds and cultural communities, as well as deaf youth, into our programs and live up to our motto: *Resources Restored. Lives Changed.*

At a Glance

Young Adult Programs, (ages 18-25)

- Corpsmembers complete natural resource, renewable energy and emergency response work, such as maintaining state parks and trails, restoring habitat and improving home-energy efficiency.
- Roughly 150 annually in non-residential field work, 30 in conservation apprenticeships, 20 in home energy squads, 40 in seasonal trail work and 38 in youth leadership positions.

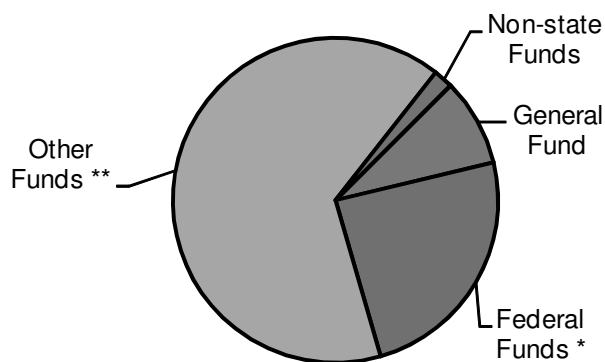
Summer Youth Corps, (ages 15-18)

- Eight-week residential service-learning program unplugs teenagers from modern intrusions to live, learn and work outdoors.
- In 2010, 85 youth participated. About 15 percent of participants each year are deaf or hard-of-hearing; equal numbers of male/female and rural/urban youth are enrolled.

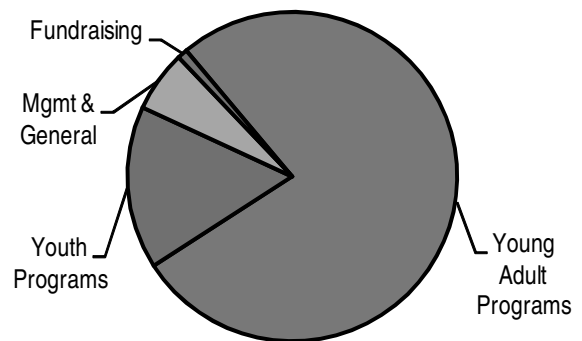
Youth Outdoors, (ages 15-18)

- Provides stipends to disadvantaged urban teens in out-of-school educational activities and service-learning projects and engages them in improving their neighborhoods.
- In 2011, 84 youth will revitalize their neighborhoods, restore environmental resources, and lead volunteers through this program.

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



* 50% of federal are short term ARRA grants ** Primarily fee-for-service from agencies like DNR & BWSR

Strategies

Restoring resources

Throughout our programs, young people are involved in hands-on outdoor service-learning activities that protect and enhance natural resources.

- **Habitat Restoration:** Corpsmembers restore habitat on public lands throughout Minnesota by removing non-native invasive species, conducting prescribed burns and planting native species.
- **Improving Outdoor Recreational Facilities:** Corpsmembers build and maintain motorized and non-motorized trails, boardwalks, campsites, park facilities and other recreational structures.
- **Energy Conservation:** Corpsmembers install energy-saving measures in Twin Cities homes and will install solar heat systems in low-income homes throughout the state.

Changing Lives

Conservation Corps Minnesota builds life skills for more than 400 young people each year with personal development, technical and work-skills training and education.

- **Youth educational curriculum:** focuses on science and technology and job-search skills. More than 20% of program time is devoted to education and skills training. N of youth participants report in post-program surveys that their work skills have improved.
- **Skills training for young adults:** includes hands-on training in habitat restoration, energy conservation, leadership, communication and other skills. Field crew members receive professional certifications in wildfire suppression, chain-saw safety and first aid.

Career preparation: results show that within six months of completing their term, 51% of young adult Corps members will secure a permanent job (35% in natural resource fields), 38% will enroll in continuing education, and 10% will enroll in another AmeriCorps service term.

Operations

- **Non-residential Field Crews** – 26 crews, with four to five members each, conduct natural resource, renewable energy and emergency response work from February to December.
- **Seasonal Trail Crews** – Eight crews work in the Superior National Forests from May through August, spike camping for eight-day stretches while improving recreational trails.
- **Home Energy Squads** – Corpsmembers based at the Neighborhood Energy Connection in Saint Paul work with energy specialists to install conservation measures in homes such as weather-stripping and programmable thermostats.
- **Summer Youth Corps** – Youth begin at the St. Croix State Park base camp, then spike camp throughout the region, working in crews of six youth and two AmeriCorps leaders each as they restore natural resources for eight weeks during the summer.
- **Youth Outdoors** – Diverse urban teens from disadvantaged neighborhoods engage in out-of-school educational activities and service-learning projects and earn a stipend during 12-week fall and spring school semesters and a four-week summer session.

Key Activity Goals & Measures

In 2011, Conservation Corps Minnesota will engage over 400 youth and young adults in hands-on conservation service that will support the achievement of strategic goals presented in Minnesota Milestone's. For example:

Minnesota Milestone: **Minnesotans will improve the quality of the air, water and earth.**

Conservation Corps 2011 measures:

1. Provide erosion control on 26,000 square feet of lakeshore.
2. Install and maintain more than 23,000 square feet of rain gardens to minimize run-off.
3. Collect 45,000 water samples to test contamination levels in Minnesota water bodies.

Minnesota Milestone: **Minnesotans will restore and maintain healthy ecosystems that support diverse plants and wildlife.**

Conservation Corps 2011 measures:

1. Remove 12,000 acres of invasive species

2. Plant more than 80,000 native trees, shrubs, grasses and plants to restore habitat.
3. Conduct prescribed burns on more than 6,000 acres of prairie to encourage native plant growth.

Minnesota Milestone: Minnesotans will have opportunities to enjoy the state's natural resources.

Conservation Corps 2011 measures:

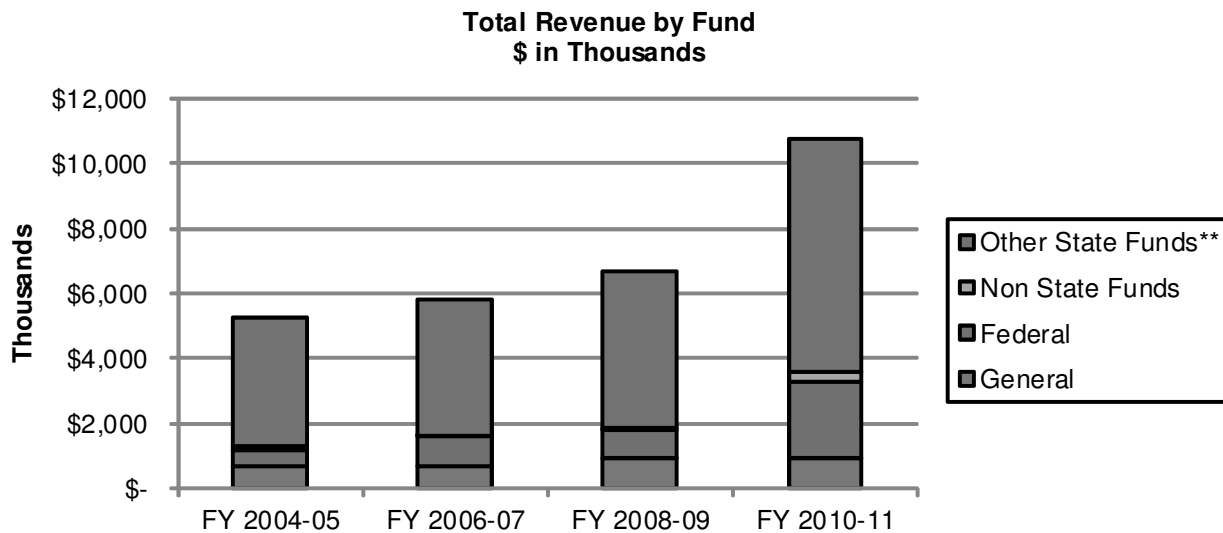
1. Construct or maintain 1,350 miles of trails.
2. Install more than 32,800 feet of bridges and boardwalks.
3. Maintain 450 campsites.

Minnesota Milestone: Minnesotans will conserve natural resources to give future generations a healthy environment and a strong economy.

Conservation Corps 2011 measures:

1. Energy-saving measures will be installed in 4,000 homes – saving 28.55 billion BTUs
2. Solar air heat systems will be installed in 20 low-income homes – saving about 170 million BTUs annually

Budget Trends Section



Source: Conservation Corps Minnesota data **Primarily fee-for-service contracts with state agencies such as DNR and BWSR. 50% of FY 2010-11 federal funds are short-term ARRA grants

We are seeing youth increasingly disengaged from the outdoors, which can impact environmental stewardship. Conservation Corps Minnesota works to connect youth with nature and give them skills they need to find employment, particularly in the currently expanding “green job” sector.

Contact

Conservation Corps Minnesota
 2715 Upper Afton Road Suite 100
 Maplewood Minnesota 55119
<http://www.conservationcorps.org>

Len Price, Executive Director
 (651) 209-9900 ext 12,
 Email: len.price@conservationcorps.org

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	455	455	455	455	910
Recommended	455	455	455	455	910
Change		0	0	0	0
% Biennial Change from 2010-11					0%
Natural Resources					
Current Appropriation	490	490	490	490	980
Recommended	490	490	490	490	980
Change		0	0	0	0
% Biennial Change from 2010-11					0%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	455	455	455	455	910
Natural Resources	490	490	490	490	980
Total	945	945	945	945	1,890
<u>Expenditures by Category</u>					
Total Compensation	745	745	745	745	1,490
Other Operating Expenses	200	200	200	200	400
Total	945	945	945	945	1,890
<u>Expenditures by Program</u>					
Conservation Corps Mn	945	945	945	945	1,890
Total	945	945	945	945	1,890
Full-Time Equivalent (FTE)	185.0	185.0	185.0	185.0	

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Change Summary	7
Agency Change Items	
⇒ Operating Budget Reduction	8
Programs	
Education & Outreach	9
Program Summary	12
Preservation & Access	13
Program Summary	15
Fiscal Agents	16
Program Summary	20
Historic Preservation	21
Program Summary	22
Agency Revenue Summary Fiscal Page	23

⇒ Designates that this item is a change item

Agency Purpose

The Minnesota Historical Society (Society) was created by the Territorial Legislature in 1849 as one of the first educational and cultural institutions in Minnesota. Today, the Society serves a statewide audience through programs and services at the History Center in the Capitol Complex in St. Paul and through a statewide network of historic sites and museums. In addition, the Society serves an audience statewide, and beyond, through its award-winning website, <http://www.mnhs.org>.

The Minnesota Historical Society is guided by its vision for the future and its mission statement:

- We illuminate the Past to Light the Future
- The Minnesota Historical Society connects people with history to help them gain perspective on their lives. The Society preserves the evidence of the past and tells the stories of Minnesota’s people.

The Society is governed by an Executive Council of 30 members, elected by the Society’s membership, who are responsible for establishing major policies and monitoring the quality of its programs and services.

At a Glance

Education and Outreach Program

- Nearly 900,000 visitors served at sites and museums including over 600,000 visitors served at historic sites.
- Nearly 250,000 visitors served at History Center museum and library.
- Nearly 225,000 school children on organized programs at sites and History Center.
- Nearly two million “visitors” (unique individuals / IP addresses) on the Society’s web site, www.mnhs.org.

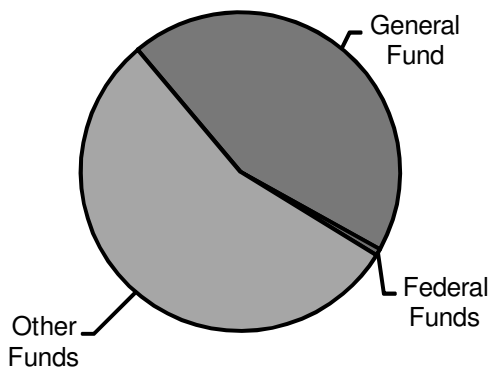
Preservation and Access Program

- Preservation and care of millions of artifacts for today’s and future users, including books, manuscripts, government records, photographs, maps, works of art and archaeological objects.
- Increased access to collections via technology.
- Service to 35,000 persons at History Center Library via in-person visits, telephone inquiries, classes and e-mail requests.

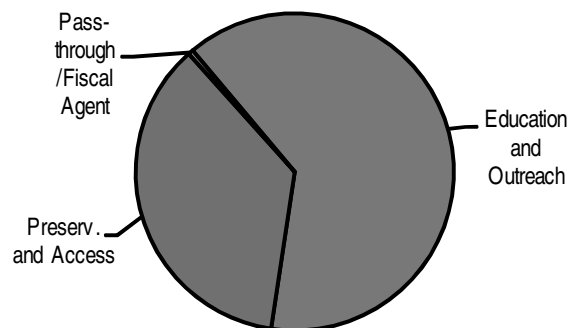
Pass-through / Fiscal Agent Program

- The MHS assists with processing funds for cultural organizations, as requested by the legislature.

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



Source data is MHS Financial System. Note: “Other Funds” includes the following categories: Misc Special Revenue; Gift; Legacy/Arts and Cultural Heritage Fund

Strategies

In agreement with its strategic plan, the Society focuses its efforts and resources on its four key audiences: students, with an emphasis on grades 4-12; adults 50+; families with school age children; and young adults.

A major element of the strategic plan is our *Five Year Vision Statement*: At the end of five years, the Minnesota Historical Society will have increased the value it creates for Minnesotans. The following statements will describe key aspects of the organization.

- The Society is playing an expanded role in the teaching of history through programs that serve students directly and support the efforts of Minnesota’s teachers and parents to educate the state’s young people. These efforts are significantly increasing the research and critical thinking skills of students and their understanding of how history relates to their lives today.
- The Society offers an historical perspective to enhance understanding of topics that have a significant impact on the people of Minnesota. Increasingly, they perceive the Society to be a lively and creative institution whose programs raise their awareness of the ways in which history affects their lives and how that knowledge can help them make informed decisions for the future.
- Increased numbers of children and adults are participating in the Society’s programs and are using its extensive collections both in person and on the web.
- The Society’s programs, collections, staff, and governing structure more closely reflect Minnesota’s diversity.
- The Society has clear priorities, is systematically measuring its performance, and can demonstrate that it achieves the intended results in a cost-effective way. The Society’s funders recognize the value of the Society’s work and are increasing their support accordingly.
- The Society is expanding its partnerships with other organizations to benefit the state’s people.
- The Society has a funding model that successfully draws on a variety of public and private sources to fund its varied programs and services.

Operations

The Society serves the citizens of Minnesota through a variety of programs and services. Major operations are as follows:

Historical Programs and Education Division,

Departments include:

- Historic Preservation, Field Services, and Grants
- Archaeology
- History Center Museum and Education
- Enterprise Technology and Business Development

Historic Sites and Museums Division

- 32 historic sites statewide
- Mill City Museum

Library, Publications and Collections Division,

Departments include:

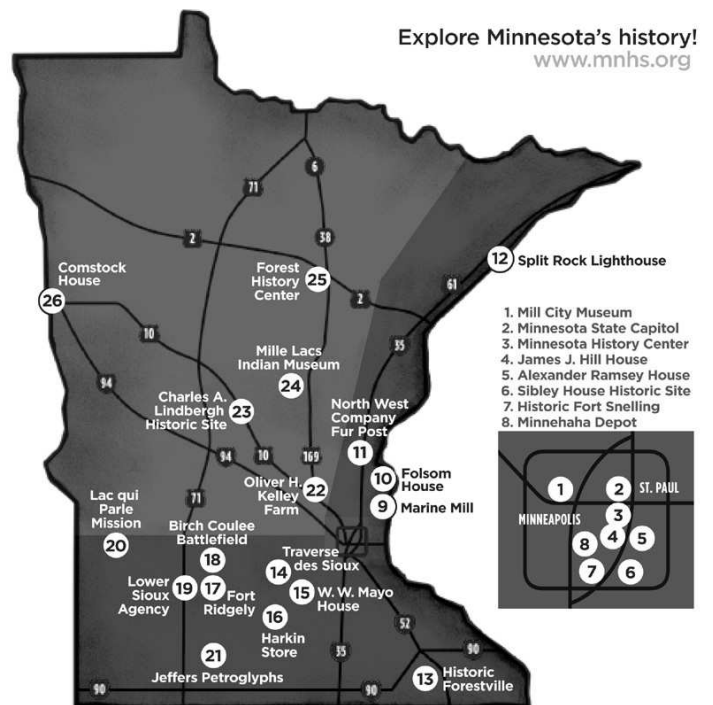
- Collections and Reference
- State Archives
- Collections Management
- MHS Press

External Relations Division, Departments include:

- Marketing and Communications
- Government Relations
- Development

Human Resources and Volunteer Services

Finance and Administration

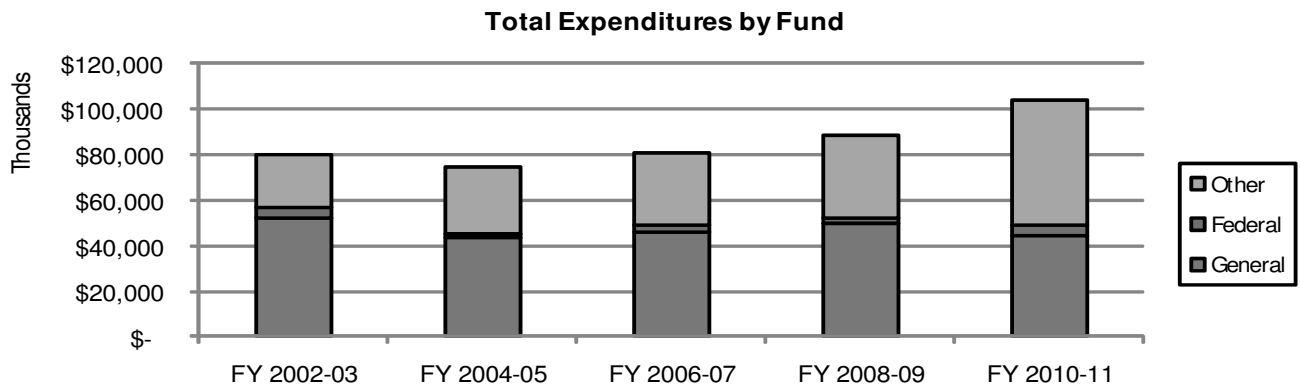


Budget Trends Section

The Society is supported by state general fund appropriations of approximately \$22.8 million each year, for ongoing operation of the History Center (including building services and debt service, for which approximately \$5.5 million each year is provided to the Department of Administration), the Historic Sites Network and other activities (including State Archives), the History Center Museum, the History Center Library, the State Historic Preservation Office, and numerous other functions.

Minnesota’s new Arts and Cultural Heritage Fund, as passed by the state’s voters in 2008, also provides funding opportunities for history programs, as called for in the constitutional language of the Legacy Amendment. These activities are either administered by the Society, or are conducted by other organizations, as allocated through grant programs.

In addition, the work of the Society is supported by non-state funds, including earned revenue, gifts, and grants. The Society’s membership recently topped 20,000 for the first time.



* FY 2010-11 is actual for FY 2010, budgeted for FY 2011. Note: “Other Funds” includes the following categories: Misc Special Revenue; Gift; Legacy/Arts and Cultural Heritage Fund. Source data is MHS Financial System.

External Factors Impacting the Society- As a part of its recent strategic plan, the Society examined a number of demographic trends facing Minnesota in the coming years, and the strategic goals resulting from the planning process reflect these trends. For example, the Society is prioritizing serving students, particularly grades 4-12, as Minnesotans expect greater accountability from our K-12 educational system, as reflected in the legislatively mandated Social Studies Standards. On the other end of the demographic spectrum, the Society is paying closer attention to older Minnesotans – who often have more time, higher levels of disposable income and a greater interest in history, both personal and community.

In addition, the Society is keenly aware of the economic challenges facing both Minnesotans individually, as well as our state government. While the Society relies on state appropriations to fund facilities and activities, we have worked diligently to maximize non-state general fund resources, in order to maintain quality programs that are delivered to the public.

Contact

Minnesota Historical Society
345 Kellogg Boulevard West
Saint Paul, Minnesota 55102-1906

General Information: (651) 259-3000

Director's Office

Phone: (651) 259-3100

Fax (651) 296-1004

Government Relations

Phone (651) 259-3103

Fax (651) 296-1004

Email: david.kelliher@mnhs.org**Websites:****Minnesota Historical Society Homepage**<http://www.mnhs.org>**Upcoming Events**<http://www.mnhs.org/events/index.html>**Membership Information**<http://www.mnhs.org/about/members/index.html>**Legacy Fund Programs and Grants**<http://www.mnhs.org/legacy/index.html>

Other websites are listed under each of MHS's programs

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	22,659	22,513	22,513	22,513	45,026
Recommended	22,659	22,513	21,575	21,459	43,034
Change		0	(938)	(1,054)	(1,992)
% Biennial Change from 2010-11					-4.7%
Arts And Cultural Heritage					
Current Appropriation	9,750	12,250	12,250	12,250	24,500
Recommended	9,750	12,250	0	0	0
Change		0	(12,250)	(12,250)	(24,500)
% Biennial Change from 2010-11					-100%
<u>Expenditures by Fund</u>					
Carry Forward					
General	0	0	130	0	130
Arts And Cultural Heritage	0	0	841	0	841
Direct Appropriations					
General	22,659	22,383	21,575	21,459	43,034
Arts And Cultural Heritage	4,825	16,334	0	0	0
Open Appropriations					
General	0	548	4,526	5,772	10,298
Statutory Appropriations					
Miscellaneous Special Revenue	1,058	945	957	955	1,912
Federal	398	398	398	398	796
Gift	14,086	14,219	14,219	14,219	28,438
Total	43,026	54,827	42,646	42,803	85,449
<u>Expenditures by Category</u>					
Total Compensation	23,005	25,798	21,181	20,716	41,897
Other Operating Expenses	15,416	18,840	14,011	13,633	27,644
Capital Outlay & Real Property	30	50	47	47	94
Local Assistance	3,050	8,017	5,285	6,285	11,570
Other Financial Transactions	1,525	2,122	2,122	2,122	4,244
Total	43,026	54,827	42,646	42,803	85,449
<u>Expenditures by Program</u>					
Education & Outreach	25,982	34,601	23,953	22,982	46,935
Preservation & Access	16,682	19,412	13,773	13,773	27,546
Fiscal Agents	362	246	362	246	608
Historic Preservation	0	568	4,558	5,802	10,360
Total	43,026	54,827	42,646	42,803	85,449
Full-Time Equivalents (FTE)	359.7	419.0	338.3	328.0	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	22,513	22,513	22,513	45,026
Technical Adjustments				
Biennial Appropriations		116	0	116
One-time Appropriations		(250)	(250)	(500)
Subtotal - Forecast Base	22,513	22,379	22,263	44,642
Change Items				
Operating Budget Reduction	0	(804)	(804)	(1,608)
Total Governor's Recommendations	22,513	21,575	21,459	43,034
Fund: ARTS AND CULTURAL HERITAGE				
FY 2011 Appropriations	12,250	12,250	12,250	24,500
Technical Adjustments				
One-time Appropriations		(12,250)	(12,250)	(24,500)
Subtotal - Forecast Base	12,250	0	0	0
Total Governor's Recommendations	12,250	0	0	0
Fund: GENERAL				
Planned Open Spending	548	4,526	5,772	10,298
Total Governor's Recommendations	548	4,526	5,772	10,298
Fund: GENERAL				
Planned Statutory Spending	0	130	0	130
Total Governor's Recommendations	0	130	0	130
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	945	957	955	1,912
Total Governor's Recommendations	945	957	955	1,912
Fund: FEDERAL				
Planned Statutory Spending	398	398	398	796
Total Governor's Recommendations	398	398	398	796
Fund: ARTS AND CULTURAL HERITAGE				
Planned Statutory Spending	0	841	0	841
Total Governor's Recommendations	0	841	0	841
Fund: GIFT				
Planned Statutory Spending	14,219	14,219	14,219	28,438
Total Governor's Recommendations	14,219	14,219	14,219	28,438

HISTORICAL SOCIETY

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(804)	\$(804)	\$(804)	\$(804)
Net Fiscal Impact	\$(804)	\$(804)	\$(804)	\$(804)

Recommendation

The Governor recommends a reduction of \$804,000 in FY 2012 and \$804,000 in FY 2013 to the Minnesota Historical Society's General Fund operating budget. The Governor intends that the Minnesota Historical Society should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

This proposal represents a 5% reduction to Minnesota Historical Society's base general fund forecast budget.

Rationale

The Minnesota Historical Society's total base forecast general fund operating budget is \$22.379 million for FY 2012 and \$22.263 million for 2013 and includes amounts budgeted for history education programs, including programs for K-12 students; collections programs, including the History Center Library and State Archives; and statewide historic sites and museum programs. The Society is proposing to reduce operating expenditures and positions during the FY 2012-13 biennium. Specifically, the Society will reduce operating budgets by the following amounts:

- Education and Outreach - \$465,000 each year
- Preservation and Access - \$339,000 each year

This change item will result in the reduction of a variety of programs and services provided by the Minnesota Historical Society to further its mission of preserving our state's past and providing educational programs to schoolchildren and citizens of all ages. The Society will continue its efforts to create greater efficiencies in its operations and public programs. However, since the Society's budget is comprised largely of staff salaries, a reduction at this level will necessarily mean the elimination of staff positions. Under this reduction plan, the Society estimates that approximately 15 full-time equivalent positions will be eliminated.

Statutory Change: Not Applicable

Program at a Glance

The Minnesota Historical Society (MHS) serves the public through:

- 32 historic sites statewide
- History Center Museum program, including exhibitions, educational, and public programs
- Nearly 400 grants made in FY2010, as well as technical assistance provided to local historical organizations to further statewide history efforts. This figure includes a large increase resulting from Legacy funding.
- 28 books published by the MHS Press in FY 2010
- www.mnhs.org - the Society's web site, a comprehensive source of information about MHS Historic Sites and History Center programs and activities, including access to the Society's collections

Program Description

The Education and Outreach Program helps the Minnesota Historical Society's to fulfill its mission as it "connects people with history to help them gain perspective on their lives" and "tells the stories of Minnesota's people." This program includes

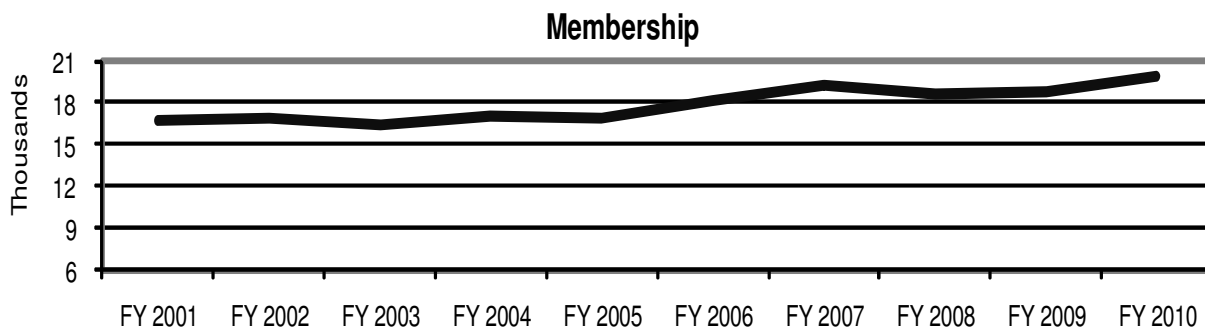
- historic sites and museums programs (including History Center and Mill City Museum);
- educational programs, including school programs, museum programs, family programs, and public programs;
- exhibits at History Center and historic sites;
- MHS Press;
- State Historic Preservation Office and Field Services Office;
- information technology, human resources and finance departments (also partly included in Preservation and Access Program); and
- History Center Building and debt service (also partly included in Preservation and Access Program)

Population Served

Through this program, the Society serves, each year:

- Over 200,000 visitors to the History Center;
- Over 600,000 visitors served at historic sites and museums statewide; and
- Nearly 250,000 school children on organized programs at historic sites and museums.

Activities within this program serve visitors from Minnesota and beyond, providing an important component of Minnesota's \$11 billion tourism sector.

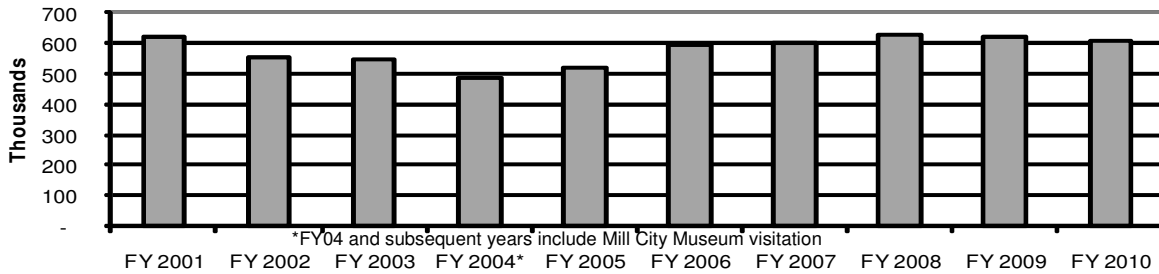


Services Provided

The Education and Outreach program provides the following services to the people of Minnesota:

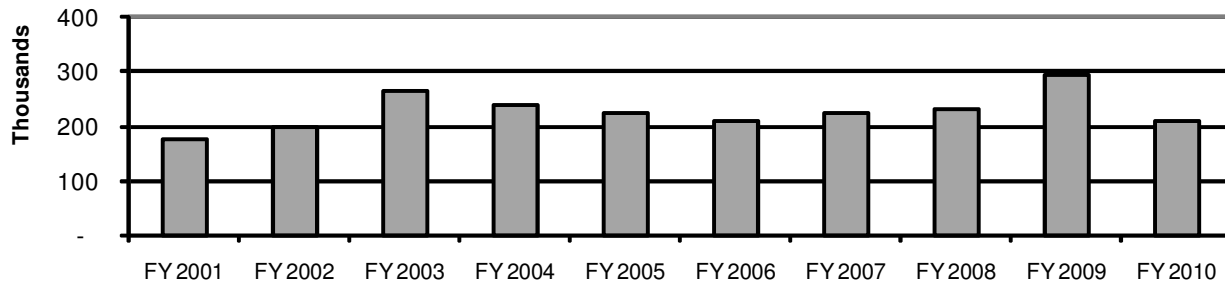
- **Historic Sites Network** - Minnesota's statewide network of 32 historic sites was created in 1965 by the Minnesota Legislature under M.S. 138.661-669. By providing visitors with the unique experience of learning about history where it happened, the Network has added richness to the educational and recreational life of Minnesotans and out-of-state visitors, and is an important element of the state's tourism economy. To provide this service to Minnesotans, the Society preserves 115 structures, many of which are over 100 years old.

Historic Sites Attendance



- Exhibits and Museum Program** - Exhibits at the History Center and throughout the Historic Sites Network provide visitors with creative methods to learn about Minnesota’s past. Costumed guides, interactive multi-media installations, and “hands-on” artifacts tell Minnesota’s story in meaningful and memorable ways.

History Center Museum Attendance



- Education** - As a central part of our mission, the Society provides public programs for students of all ages. They include lectures, programs geared to students in the classroom, those who visit the History Center and use exhibits as a learning tool, and those who visit historic sites on field trips. Many of these school visits are related to material in *Northern Lights*, the Minnesota history curriculum developed by the Society and widely used in the state’s schools.

One rapidly growing Society-coordinated educational program is History Day, which began with just over 100 participants in the early 1990s. Nearly 30,000 students now participate in this annual program, in which junior and senior high school students undertake original research projects, developing a variety of essential communications skills. In recent years, Minnesota students have taken numerous awards in the National History Day competition. It is expected that History Day will continue to grow, in part due to its applicability to meeting graduation standards.

- Minnesota Historical Society Press** - The MHS Press, the oldest publisher in the state, helps to fulfill the Society’s mission by providing materials for readers interested in Minnesota’s past. Through popular and scholarly titles, the MHS Press not only encourages research, but it also helps a wider audience learn about Minnesota history. The number of units shipped by the publications area (including books, tapes, CDs, posters) has shown steady increases each year over the past decade, with 28 books published in FY 2010.

- **Historic Preservation and Field Services** - The Society, as directed by state and federal law, serves as Minnesota's State Historic Preservation Office (SHPO). This office maintains the *National Register of Historic Places* for properties in Minnesota, provides reviews for compliance with applicable federal laws, and educates the public about the values and benefits of maintaining cultural resources and the historic environment. In FY 2010, the SHPO conducted 4418 reviews of state and federal projects to ensure compliance with applicable laws. In addition, the office conducts reviews of applications for the various competitive, matching grant programs administered by the Society, and it helps to coordinate the Society's contact with the state's 450 county and local historical organizations. Through matching requirements, state funds are leveraged to accomplish projects with minimal state investment.
- **Information Technology** - The use of information technology has enhanced the Society's ability to deliver programs and collections to the public. The Society's web site (www.mnhs.org) is an active destination for researchers and users of the History Center, historic sites, educational programs, and public events. In FY 2010, there were nearly two million "visitors" (unique individuals/IP addresses) to the website. Among the top destinations on the Society's web page were pages with information about death records, the National Register of Historic Places, the Historic Sites Network and specific sites, and other popular programs.

Key Program Goals and Measures

The Society uses a variety of quantitative and qualitative metrics to ensure that our programs meet both the institutional priorities in its five-year strategic plans and the particular outcomes prescribed for each program or function. These include quantitative measures like attendance at our historic sites and museums, the number of users and resources consulted in the library, overall membership, or the number of school districts and students and teachers visiting our facilities or using our educational resources such as the Northern Lights textbook. Qualitative measurements are also collected through visitor surveys and focus groups for public programs for students and adults.

Contact

General Information: (651) 259-3000

David Kelliher, Director of Public Policy

Email: david.kelliher@mnhs.org

Phone: (651) 259-3103

Fax: (651) 296-1004

Websites, relating to MHS and the Education and Outreach Program:

Minnesota Historical Society homepage: <http://www.mnhs.org>

Minnesota History Center General Information: <http://www.mnhs.org/places/historycenter/index.html>

Historic Sites Network (with links to specific sites): <http://www.mnhs.org/places/sites/index.html>

State Historic Preservation Office (with links to National Register of Historic Places, grants information): <http://www.mnhs.org/preserve/shpo/index.html>

MHS Press: <http://www.mnhs.org/market/mhspress/index.html>

School and Educational Programs: <http://www.mnhs.org/school/index.html>

HISTORICAL SOCIETY

Program: EDUCATION & OUTREACH

Program Summary

			<i>Dollars in Thousands</i>		Biennium 2012-13
	Current FY2010	FY2011	Governor Recomm. FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	12,756	12,846	12,846	12,846	25,692
Technical Adjustments					
One-time Appropriations			(250)	(250)	(500)
Subtotal - Forecast Base	12,756	12,846	12,596	12,596	25,192
Governor's Recommendations					
Operating Budget Reduction		0	(465)	(465)	(930)
Total	12,756	12,846	12,131	12,131	24,262
Arts And Cultural Heritage					
Current Appropriation	6,750	7,500	7,500	7,500	15,000
Technical Adjustments					
One-time Appropriations			(7,500)	(7,500)	(15,000)
Subtotal - Forecast Base	6,750	7,500	0	0	0
Total	6,750	7,500	0	0	0
<u>Expenditures by Fund</u>					
Carry Forward					
General	0	0	130	0	130
Arts And Cultural Heritage	0	0	841	0	841
Direct Appropriations					
General	12,756	12,716	12,131	12,131	24,262
Arts And Cultural Heritage	2,375	11,034	0	0	0
Statutory Appropriations					
Miscellaneous Special Revenue	1,058	925	925	925	1,850
Federal	398	398	398	398	796
Gift	9,395	9,528	9,528	9,528	19,056
Total	25,982	34,601	23,953	22,982	46,935
<u>Expenditures by Category</u>					
Total Compensation	14,694	17,663	13,344	12,879	26,223
Other Operating Expenses	9,976	13,037	9,034	8,658	17,692
Local Assistance	473	2,713	387	257	644
Other Financial Transactions	839	1,188	1,188	1,188	2,376
Total	25,982	34,601	23,953	22,982	46,935
<u>Expenditures by Activity</u>					
Hist Sites, Mus, Statewide Sv	20,298	20,250	19,795	19,665	39,460
Hist Ctr Bldg & Debt Service	3,309	3,317	3,317	3,317	6,634
Historic & Cultural Prog	2,375	11,034	841	0	841
Total	25,982	34,601	23,953	22,982	46,935
Full-Time Equivalent (FTE)	241.4	302.6	228.3	218.0	

Program at a Glance

The Society currently holds for and makes accessible to the people of Minnesota:

- 500,000 books, pamphlets and periodicals
- 41,700 cubic feet of manuscripts and 6,000 reels of microfilmed manuscripts
- 60,000 cubic feet of government records and 12,000 reels of microfilmed records from nearly 4,000 government agencies.
- 21,327 maps and atlases
- 500,000 photographs, albums, and collections
- 6,100 works of art
- Over 1.25 million archaeological artifacts
- Four million issues of 4,000 Minnesota newspapers on 73,000 reels of microfilm
- Over 225,000 historical artifacts

Program Description

This program helps to fulfill the Minnesota Historical Society's (Society) mission as it "preserves the evidence of the past." Through a variety of public programs, the Society preserves paper, artifacts, and other media that document Minnesota history. This program includes

- library;
- state archives;
- processing and conservation;
- repair and replacement;
- archaeology; and
- information technology.

Population Served

In addition to acquiring, processing, and conserving collections, the Society annually serves the following number of customers through the Preservation and Access Program:

- Nearly 35,000 patrons served, including:
- 25,103 in person inquiries at the History Center Library
- 9,448 inquiries by telephone, mail and email and served through classes
- In addition, the Society's website has experienced large increases in usage, especially as more collections-related information has been added to the website. In FY 2010, nearly 2 million "visitors" (unique individuals / IP addresses) used www.mnhs.org. Among the more popular pages on the site are collections catalogs and specific resources, such as the visual resources database and the Minnesota death records database.

Services Provided

Through this program, the Society provides a number of services to the public to preserve and make collections available today and for future generations:

- *Library* -- The History Center Library makes accessible to nearly 35,000 patrons each year the written, visual, and oral history materials relating to Minnesota's past.
- *State Archives* -- The Minnesota Historical Society is statutorily responsible for working with state and local units of government to evaluate the historical importance of all of Minnesota's governmental records and arrange for their permanent preservation or disposal. This activity has experienced constant growth, and is continuing to examine how best to handle records that are increasingly more complex and varied in their form and media.
- *Processing and Conservation* -- Materials selected for inclusion in the Society's collections are organized, catalogued, and treated to ensure their long-term stability and usability.
- *Repair and Replacement* -- Since many of the Society's buildings are more than 100 years old; caring for them presents unique, and usually costly, challenges. This activity provides for ordinary but necessary repairs for structures in the History Center and in the Historic Sites Network.
- *Archaeology* -- The archaeology department provides help to the public and other departments of the Society. Recent work has included assistance with archaeological investigations at historic sites capital projects such as the Sibley Historic Site, the Lindbergh House Historic Site and the Mill City Museum in Minneapolis.
- *Information Technology* -- The use of information technology has enhanced the Society's ability to deliver programs and collections to the public. The Society's website (www.mnhs.org) is an active destination for

researchers. In the last year, the award-winning site was visited by nearly 2 million individuals or visitors. To date, over 200,000 digital images are available, including photographs, artwork, and posters from the Society's collection. In addition, an online index of 1.7 million death certificates recorded between 1908 and 1959 was recently launched, and has become one of the most popular destinations on the website.

Historical Perspective

A significant part of the Society's mission involves the collection, conservation, and preservation of the state's cultural heritage and governmental records. The Society started this undertaking in 1849, even before Minnesota became a state. Over the years, the Society has successfully adapted to changing technology, beginning with the introduction of microfilming methods in the mid-twentieth century. In recent years, the Society has begun to offer these resources to the public through the internet. While we will never "digitize" all of the collections, we have begun to offer catalog information about the collections to researchers and genealogists. (The death records collection is a good example of this.) Our continuing challenge is to determine the best ways to continue to collect and preserve these materials, while using the latest technology to deliver them to the public.

Key Program Goals and Measures

The Society uses a variety of quantitative and qualitative metrics to ensure that our programs meet both the institutional priorities in its five-year strategic plans and the particular outcomes prescribed for each program or function. These include quantitative measures like attendance at our historic sites and museums, the number of users and resources consulted in the library, overall membership, or the number of school districts and students and teachers visiting our facilities or using our educational resources such as the Northern Lights textbook. Qualitative measurements are also collected through visitor surveys and focus groups for public programs for students and adults.

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Email: david.kelliher@mnhs.org

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Websites, relating to MHS and the Preservation and Access Program:

Minnesota Historical Society homepage: <http://www.mnhs.org>

Library: including catalogs, special databases and genealogy information: <http://www.mnhs.org/library>

PALS - Online catalog to MHS collections:

<http://www.pals.msus.edu/cgi-bin/pals-cgi?palsAction=newSearch&setWeb=MHSCATT>

Visual Resources Database (including photograph collections) <http://collections.mnhs.org/visualresources/>

Death Records Index site: <http://people.mnhs.org/dci/Search.cfm>

HISTORICAL SOCIETY

Program: PRESERVATION & ACCESS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	9,541	9,421	9,421	9,421	18,842
Subtotal - Forecast Base	9,541	9,421	9,421	9,421	18,842
Governor's Recommendations					
Operating Budget Reduction		0	(339)	(339)	(678)
Total	9,541	9,421	9,082	9,082	18,164
Arts And Cultural Heritage					
Current Appropriation	3,000	4,750	4,750	4,750	9,500
Technical Adjustments					
One-time Appropriations			(4,750)	(4,750)	(9,500)
Subtotal - Forecast Base	3,000	4,750	0	0	0
Total	3,000	4,750	0	0	0
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	9,541	9,421	9,082	9,082	18,164
Arts And Cultural Heritage	2,450	5,300	0	0	0
Statutory Appropriations					
Gift	4,691	4,691	4,691	4,691	9,382
Total	16,682	19,412	13,773	13,773	27,546
<u>Expenditures by Category</u>					
Total Compensation	8,311	8,135	7,837	7,837	15,674
Other Operating Expenses	5,440	5,783	4,945	4,945	9,890
Capital Outlay & Real Property	30	50	47	47	94
Local Assistance	2,215	4,510	10	10	20
Other Financial Transactions	686	934	934	934	1,868
Total	16,682	19,412	13,773	13,773	27,546
<u>Expenditures by Activity</u>					
Collection Services	11,595	11,475	11,136	11,136	22,272
Hist Ctr Bldg & Debt Service	2,637	2,637	2,637	2,637	5,274
Hist Cultural	2,450	5,300	0	0	0
Total	16,682	19,412	13,773	13,773	27,546
Full-Time Equivalents (FTE)	118.3	116.4	110.0	110.0	

Program at a Glance

The Historical Society serves as the pass through agency for certain organizations determined by the state legislature. Those organizations are

- Minnesota International Center (MIC)
 - \$86,000 in FY2010-11
- Minnesota Military Museum
 - \$100,000 in FY2010-11
- Minnesota Air National Guard Museum
 - \$16,000 in FY2010-11
- Minnesota Agricultural Interpretive Center (Farmamerica)
 - \$256,000 in FY2010-11
- Hockey Hall of Fame
 - \$150,000 in FY2010-11

Minnesota International Center (MIC)

The Minnesota International Center (MIC) is a nonprofit community education organization which organizes globally-focused learning opportunities for people of all ages. In our most recently completed program year, MIC coordinated 1,931 globally-focused learning opportunities for an audience of more than 45,000 in 58 communities throughout Minnesota.

The Minnesota International Center (MIC) was founded in 1953 as a welcoming organization for the international students, scholars and visitors who came to Minnesota to study at our colleges and universities to exchange knowledge with their professional peers on U.S. government-sponsored exchange programs. In its 57-year history, MIC has evolved from a direct service organization focused on this population into a member-supported community education organization with the mission to inspire our community to understand global issues and

cultures in an ever changing world. Our programs – which enrich the four spheres of home, classroom, workplace and community – foster awareness about international issues and cultivate effective cross-cultural relationships built on mutual respect and understanding.

In the home: Our home hospitality opportunities promote international understanding and exchange through the simplicity of sharing a meal or weekend with international students and visitors. In 2009-10, MIC members shared 302 hospitality experiences with 367 international guests from 91 countries and regions.

In the classroom: Our K-12 education program – International Classroom Connection (ICC) – brings trained international volunteer speakers into classrooms to engage Minnesota students in cross-cultural conversations which enhance school curricula and build the necessary skills for the next generation to live, work and lead in a global economy. In 2009-10, 113 speakers from 48 countries made 1,179 presentations to a student audience of 34,000.

In the workplace: Sponsored by the U.S. Department of State, the International Visitor Leadership Program (IVLP) enables local professionals to exchange knowledge, ideas and best practices with their international professional peers. In 2009-10, MIC partnered with 290 local professional resources to arrange 419 appointments for 380 visitors from 105 countries.

In the community: Our public events and community discussion groups raise awareness and encourage discussions about world issues. In 2009-10, MIC presented 6 World Affairs Forums with attendance of 727; 61 groups convened 429 *Great Decisions* meetings with an attendance of 11,145; and 320 people fielded 40 teams at MIC 9th annual *WorldQuest* competition while 112 high school students fielded 28 teams from 15 high schools for our 3rd annual *Academic WorldQuest* competition.

MIC programming supports Minnesota’s growing engagement with the world by strengthening connections to the international communities within our state and bringing national and international recognition to Minnesota. Out of the 90 World Affairs Councils of America in the U.S., MIC is the 6th largest. MIC is also one of the largest member councils of the National Council for International Visitors (NCIV) and our president – Carol Engebretson Byrne – plays a prominent role at the national level as First Vice Chair of NCIV as well as Chair of the NCIV Advocacy Committee, which works with Congress to secure funding for international exchange.

Minnesota Military Museum

The Minnesota Military Museum, located at Camp Ripley, is operated by the Military Historical Society of Minnesota. It exists to document, preserve, and depict the stories and contributions of Minnesotans who have served in all branches of military service and on the home front in time of peace and war from Minnesota's early years to the present. Exhibits and publications are intended to foster awareness and understanding of how armed conflicts and military institutions have shaped our state and national experience. The museum also functions as a major repository in Minnesota for historical military artifacts and records.

Our mission is state-oriented and we depend on state support. The Military Museum does not receive direct funds from the federal government, the military, or local government. Our self funding includes gift shop sales, investment income, and contributions from veterans' organizations and individuals and has grown steadily and accounts for over 75% of our operating revenue. Private fund-raising is hampered due to the museum's location and the public's perception that it is a government-supported military activity.

At a glance:

- 13,500 visitors per year
- 65 tours per year
- 34,000 artifacts
- 9,000 books in reference library
- 170 archives in linear feet
- 15,000 photographs
- 1,600 volunteer hours worked last year

Minnesota Air Guard Museum

The Minnesota Air Guard Museum serves as a community resource for the preservation of aviation history, (especially military) offering activities and education for all ages.

The private, nonprofit Minnesota Air National Guard Historical Foundation, Inc. has the funding responsibility for the museum. The museum is located on the Minnesota Air National Guard Base at the Minneapolis/St. Paul International Airport. The Minnesota Air Guard owns most of the aircraft and displays them in an air park next to the museum.

Sources of Financial Support:

- The \$16,000 state biennial Grant, which represents 8% of our income.
- Membership dues from approximately 500 members plus donations from museum visitors and tour groups and organizations that hold events at the Museum amount to 30%.
- Private gifts and grants amount to 10%.

Minnesota Agricultural Interpretive Center (MAIC) also known as Farmamerica

Agency Vision and Mission Statement:

The governor and Minnesota state legislature commissioned the Minnesota Agricultural Interpretive Center in 1978 to preserve and promote the rich rural agricultural heritage of the state and its people. The Minnesota Agricultural Interpretive Center is a not-for-profit educational institution administered by a volunteer board of directors.

The vision of the MAIC is to teach people of all ages about our agricultural, food and environmental systems and their impact on our lives. The mission of the Minnesota Agricultural Interpretive Center is to carry out the vision through public and private partnerships and interactive experiences for visitors to the site. To accomplish this mission, MAIC maintains a 120-acre interpretive site and facilities located four miles west of Waseca on Waseca County Road 2. MAIC provides educational experiences for people of all ages.

Trends, Policies, and Other Issues Affecting the Demand for Services:

With each passing year, the perception of the direct link between food and agriculture becomes more remote. Younger generations are much less likely to have family members on the farm and fewer direct experiences with food or where it comes from. Minnesota has a rich agricultural heritage and continues to be an important global presence in food and agriculture. It is more important than ever to help young people and adults make those connections. There are fewer people in farming, the applicable technologies in the field are changing at an increasing rate and there is a sense of a growing distrust in the food system. Rebuilding or maintaining trust comes from understanding built upon education and personal experiences.

At Farmamerica, the story of agriculture is being told through guided tours, hands-on learning experiences, festivals, and exhibitions. Visitors travel on a one-mile timeline road and become involved in activities as they move to the prairie/pond/marsh to the settlement farm of the 1850s. The handicap accessible walking path continues past the one-room schoolhouse, the country church, the 1920/1930s depression-era dairy farm, the feed mill, and the blacksmith shop/town hall. Visitors can also stop at the Agri-Hall Museum and the 1970s farm exhibit. The wonderful Visitor's Center is where tours start and stop and is used for a number of exhibit and educational purposes. In 2008, a new permanent exhibit, 150 years of Minnesota agricultural development, was built along time lane road in observance of Minnesota's Sesquicentennial.

With the tremendous technology changes going on in agriculture and with fewer people involved, there is greater need to tell the agriculture story – past, present, and future. Over the 32 years it has been in existence, Farmamerica has hosted hundreds of thousands of visitors. It is not uncommon to host 20,000 people each year through the school and group tours programs, outreach activities, and festivals during throughout the year.

Continued improvements have been made to site facilities since 1978. Facilities have been assembled or built and improvements made to develop the site with safe and accessible facilities that support educational interpretive public programming about Minnesota's agriculture.

Significant progress has been made to provide necessary facilities in keeping with strategic plans with the addition of the 10,000 square foot visitors center in 2000 and the security and accessibility improvements in 2001/2002. Presently, Farmamerica is focusing on maximizing use of those facilities and availability to the public.

Trends – technology changes, fewer people involved in farming:

With the tremendous technology changes going on in agriculture and with fewer people involved, there is more need and demand to tell the agriculture story – past, present, and future. In recent years, over 30,000 participated in the school and group tours, outreach programs, and festivals during June - September, as well as the All Hallows Eve and the Holiday Traditions events.

Continued improvements have been made to site facilities since 1978 on the original 120 acres. Facilities and improvements have been made to realize the goals to develop the site with safe and accessible facilities to support educational interpretive public programming about Minnesota's agriculture.

Significant progress has been made to provide necessary facilities in keeping with strategic plans with the most recent addition of the 10,000 square foot visitors center in 2000 and the security and accessibility improvements in 2001-02. Presently, Farmamerica is focusing on maximizing use of those facilities and assuring that they are programmed and available to the public.

MAIC (Farmamerica) is Working to Expand Its Support Base:

With limited funds, it has accomplished much through the help of thousands volunteers over the years from dozens of communities in the region to conduct programs and events. Farmamerica is also working aggressively to expand its funding base. It is continuing to develop new revenue sources including expanded membership program, sponsorships, naming rights, annual fundraisers, and expanded user-fee-based programs and services. Gifts of artifacts, equipment, financial donations and grant funds continue to be pursued as well.

US Hockey Hall of Fame

The United States Hockey Hall of Fame Museum is America's hockey showcase. Since 1973, the Hall has honored and recognized outstanding coaches, players, builders and administrators who have contributed to the success and promotion of American Hockey.

Visitors to the United States Hockey Hall of Fame Museum can experience the thrilling game action and inspiring achievements via physical displays, exhibits, video, theater and memorabilia.

Eveleth, Minnesota has been designated "The Capital of American Hockey," and is known as the home of the United States Hockey Hall of Fame Museum because of its rich hockey traditions. No community the size of Eveleth has produced as many quality players or has contributed more to the development of the sport in the United States. Furthermore, the Iron Range and Minnesota in general have had significant impact on US Hockey.

Contact

David Kelliher

MHS Director of Public Policy

david.kelliher@mnhs.org

Phone: (651) 259-3103

Fax: (651) 296-1004

HISTORICAL SOCIETY
 Program: FISCAL AGENTS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	362	246	246	246	492
Technical Adjustments					
Biennial Appropriations			116	0	116
Subtotal - Forecast Base	362	246	362	246	608
Total	362	246	362	246	608
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	362	246	362	246	608
Total	362	246	362	246	608
<u>Expenditures by Category</u>					
Local Assistance	362	246	362	246	608
Total	362	246	362	246	608
<u>Expenditures by Activity</u>					
Mn International Center	43	43	43	43	86
Mn Air National Guard Museum	16	0	16	0	16
Cty Eveleth	75	75	75	75	150
Mn Military Museum	100	0	100	0	100
Farmamerica	128	128	128	128	256
Total	362	246	362	246	608

Program at a Glance

- The new historic preservation credit and grant-in-lieu-of credit was created as an incentive to stimulate job growth, increase local tax base and revitalize communities across the state.
- Nine applications have been received in first seven months of program, which will result in millions of dollars in reinvestment in Minnesota communities.

Activity Description

In 2010, the legislature passed and the governor signed legislation making Minnesota the 31st state to have a state income tax-based incentive for preserving historic structures. The program parallels the existing federal historic tax credit and allows a 20% state tax credit for qualified expenditures for rehabilitation of certified historic structures, generally those which are listed on the National Register of Historic Places. The establishment of this program makes Minnesota competitive with its neighbors in the region, which have similar programs, attracting investment capital to our state.

Minnesota's new law offers project developers the option of taking a tax credit or a grant-in-lieu-of credit option, or a combination of the two. Administrative responsibility for the program is shared between the Minnesota Historical Society's State Historic Preservation Office (SHPO) and the Department of Revenue. Tax credits will be administered by the Department of Revenue and the Grant-in-lieu-of tax credit option will be administered by the Minnesota Historical Society.

Population Served

This program will assist communities across the state in preserving their most historic structures, thus creating labor intensive construction jobs and preserving community identity. The program will also enhance the local property tax base by improving underutilized or unused buildings, which currently generate little or no property taxes.

Services Provided

As is the case with the existing federal historic preservation tax credit, projects that apply for the credit must meet existing standards for review of rehabilitation work, known as the Secretary of the Interior's Standards for Rehabilitation of Historic Structures. This work is reviewed by the SHPO's historical architect throughout the process to ensure that all work meets historic preservation standards.

Historical Perspective

Since this is a new program, estimates of the number of projects and their costs are preliminary estimates.

Activity Funding

The historic structure rehabilitation tax credit program is funded through the state's general fund via an income tax credit and/or a grant-in-lieu-of credit option. Since this is a new program, estimates are preliminary and are based on: applications received to date, analysis of previous levels of historic preservation activity in Minnesota, and the experience of other states with similar programs.

Contact

David Kelliher
Director of Public Policy
(651) 259-3103
david.kelliher@mnhs.org

Britta Bloomberg
Head of State Historic Preservation Office
(651) 259-3466
britta.bloomberg@mnhs.org

HISTORICAL SOCIETY

Program: HISTORIC PRESERVATION

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Open Appropriations					
General	0	548	4,526	5,772	10,298
Statutory Appropriations					
Miscellaneous Special Revenue	0	20	32	30	62
Total	0	568	4,558	5,802	10,360
<u>Expenditures by Category</u>					
Other Operating Expenses	0	20	32	30	62
Local Assistance	0	548	4,526	5,772	10,298
Total	0	568	4,558	5,802	10,360
<u>Expenditures by Activity</u>					
Historic Preservation	0	568	4,558	5,802	10,360
Total	0	568	4,558	5,802	10,360

HISTORICAL SOCIETY

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	74	0	0	0	0
Total Non-Dedicated Receipts	74	0	0	0	0
<u>Dedicated Receipts:</u>					
Departmental Earnings:					
Miscellaneous Special Revenue	1,058	945	957	955	1,912
Grants:					
Federal	398	398	398	398	796
Gift	14,086	14,219	14,219	14,219	28,438
Total Dedicated Receipts	15,542	15,562	15,574	15,572	31,146
Agency Total Revenue	15,616	15,562	15,574	15,572	31,146

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	5
Change Summary	6
Agency Change Items	
⇒ Results Management.....	7
⇒ Task Force on Small Agencies And Boards	8
⇒ Operating Budget Reduction	9
⇒ Statewide Systems Billing Authority.....	10
Programs	
Statewide Services	11
Program Summary	12
Budget Activities	
Accounting Services.....	13
Budget Activity Summary	15
Budget Services	16
Budget Activity Summary	19
Economic Analysis	20
Budget Activity Summary	22
Information Systems.....	23
Budget Activity Summary	26
Treasury	27
Budget Activity Summary	29
Management Analysis & Devlpmnt.....	30
Budget Activity Summary	33
Human Resource Management.....	34
Budget Activity Summary	36
Labor Relations	37
Budget Activity Summary	38
Agency Administration.....	39
Budget Activity Summary	41
Statewide Insurance Programs	42
Program Summary	43
Budget Activities	
State Employee Group Ins Pgrm.....	44
Budget Activity Summary	51
Public Employees Insurance Pgrm.....	52
Budget Activity Summary	54
Agency Revenue Summary Fiscal Page	55

⇒ Designates that this item is a change item

Agency Purpose

Minnesota Management & Budget (MMB) is responsible for managing and providing leadership in state finances, human resources, enterprise systems and analysis. Our mission is to increase state government’s capacity to manage and utilize financial, human, information and analytical resources to ensure exceptional service and value for Minnesota’s citizens.

At A Glance

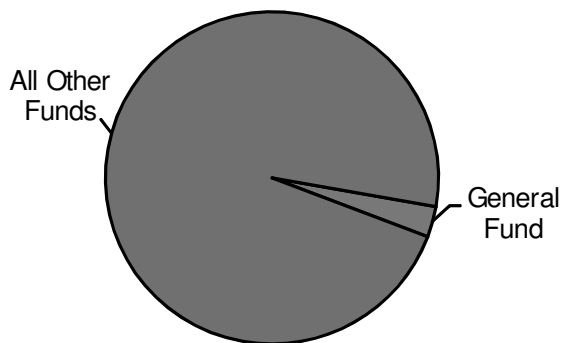
Statewide Services:

- Provides accounting and budget management for the state’s \$59.8 billion two-year budget
- Provides financial control and human resource management to 130 state agencies
- Provides consulting and training services to state agencies and other public entities
- Negotiates and administers nine bargaining agreements and two compensation plans affecting 38,300 executive branch employees
- Processes nearly 100,000 applicant resumes annually
- Pays on average 50,000 employees bi-weekly
- Manages 139 separate state fund classes through 5,200 separate accounts
- Processes 1.1 million cash deposits and issues 1.2 million payments each year
- Conducts bond sales and manages about \$5.7 billion in outstanding general obligation debt
- Manages financial transactions totaling \$53 billion including investment and reinvestment activity

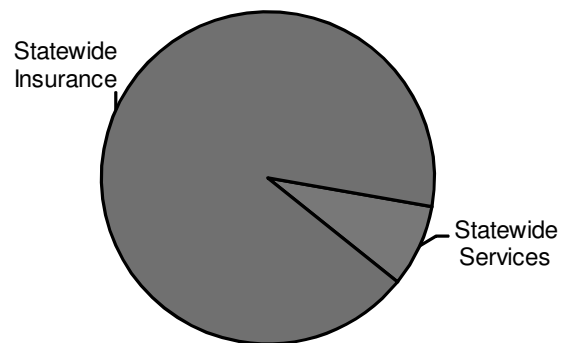
Insurance Services:

- Develops and manages health, dental, life insurance and other benefits for state employees, retirees, and their families, totaling over 120,000 covered individuals

Est. FY 2010-11 Expenditures by Fund



Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting & Procurement System (MAPS)

Source: Minnesota Accounting & Procurement System (MAPS)

Strategies

The department utilizes several strategies to address its mission. These include:

- Management of accounting and human resources systems necessary to support daily activities of the state
- Reporting and forecasting needed to understand state activities and anticipate issues
- Oversight, controls, and outreach needed to ensure overall integrity of state operations
- Negotiation and decision-making support required in collective bargaining and budget processes

- Direct service delivery to meet enterprise requirements including state banking transactions, employee health insurance, and management consulting

Operations

Minnesota Management and Budget is the result of a merger and reorganization that went into effect in 2008. The merger combined the former departments of Finance and Employee Relations and the Management Analysis Division from the Department of Administration. Only 3% of the new entity's on-going budget comes from the General Fund and is used to support the agency's statewide activities. This share of the agency budget has been declining over time.

The remaining 97% of the agency's budget is composed of non-general fund dollars from state employee benefit programs and billings for statewide administrative systems that are used specifically for those functions. SEGIP benefits are funded by premiums collected from state agencies, employees, and self-paid participants and by an administrative fee charged to participating employers. Funds for statewide administrative systems are collected from state agencies based on the volume of transactions generated in the accounting and payroll systems. Insurance revenues (and spending) have increased each year but statewide system billings have been relatively stable.

In the current biennium, an additional, non-recurring part of the department budget is the SWIFT project which will replace the state's accounting and procurement systems. This effort, which is expected to be concluded in FY 2012, was authorized in the 2009 legislative session and funded through lease-purchase financing.

The number of full-time employees is 327 on July 1, 2010, with 181 supported by the General Fund and the remainder by the other sources described above.

The department operates under two programs, Statewide Services and Statewide Insurance. They are described below.

Statewide Services: Includes all financial, human resources, and management activities except for insurance and has nine activities:

Accounting Services: provides financial management assistance to agencies, administers the accounting and payroll systems, and reports on the state's financial condition.

Budget Services: coordinates the development and production of the governor's operating and capital budgets and assists legislative committees in their review and deliberations. It also provides financial oversight and technical assistance and support for agencies, and analysis and information for agencies, the governor, the legislature and the public.

Economic Analysis: prepares the financial forecasts that identify projected state revenues and expenditures and related information and analysis.

Information Systems: provides technical support for the state's administrative information systems, which include the accounting and procurement system, the payroll and human resources system and the information access system. It also provides technical support for the budget information systems, treasury investment application and the agency's computer network and infrastructure.

Treasury: performs a variety of daily treasury and cash management functions, establishes banking services for state agencies, accesses the capital markets to provide financing for capital projects and equipment, and administers the state's tax exempt bonding allocation law.

Management Analysis and Development: provides fee-for-service consulting and training services to state and local government, higher education and other public sector organizations.

Human Resource Management: administers the state’s merit system and provides a wide variety of human resource products and services including systems, processes and programs for workforce planning, recruiting and selection, applicant support, training, charitable giving, diversity development, affirmative action and compliance with the Americans with Disabilities Act.

Labor Relations: represents the state executive branch in negotiating and administering collective bargaining agreements and compensation plans and in arbitrating employee grievances.

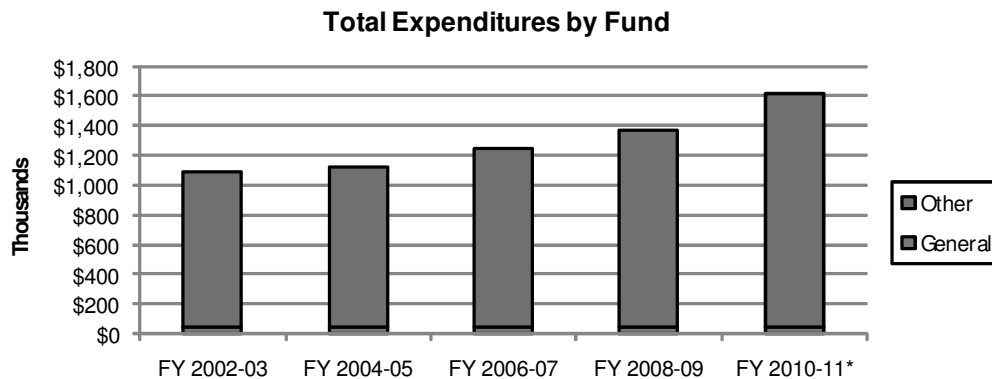
Agency Administration: provides human resources, fiscal and administrative support for the department and includes the agency leadership and staff in the Commissioner’s Office.

Statewide Insurance: Administers employee insurance benefits for the state of Minnesota and has two budget activities:

State Employee Group Insurance Program (SEGIP): develops and manages insurance benefits for eligible state employees, retirees, and their dependents to help attract and retain a strong and productive workforce.

Public Employee Insurance Program (PEIP): offers local units of government group health, dental, and life insurance for their eligible employees, retirees, and their dependents.

Budget Trends



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/23/10.

Several external factors impact the agency’s operations. These include:

1. Technology changes. The agency can collect more data and manage it better than in the past. Since MMB maintains statewide business systems along with smaller technology applications, it has a responsibility for adopting new applications that can help provide better information or support other agencies operations.
2. Aging workforce. The state has a workforce in which nearly 3,000 employees are expected to retire in the next two years. This presents agency and statewide human resources challenges to ensure that new employees have the knowledge and skills necessary to maintain state functions.
3. Health care market. Employer sponsored health insurance costs are rapidly increasing. MMB has a statewide obligation to continue searching for strategies that slow health care cost growth for the state employees and manage a plan within the rules of the changing marketplace.

Contact

Office of the Commissioner: 651-201-8024
<http://www.mmb.state.mn.us/home>

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	23,421	22,224	28,128	28,129	56,257
Recommended	23,421	22,224	27,450	27,401	54,851
Change		0	(678)	(728)	(1,406)
% Biennial Change from 2010-11					20.2%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	19,229	20,467	18,482	18,432	36,914
Statutory Appropriations					
General	191	207	207	207	414
Miscellaneous Special Revenue	6,613	7,421	11,684	12,114	23,798
Building	20,813	33,970	11,017	0	11,017
State Employees Insurance	673,551	741,622	803,084	859,804	1,662,888
Miscellaneous Agency	30,714	32,220	33,187	34,183	67,370
Management Analysis	2,261	2,487	2,605	2,697	5,302
Total	753,372	838,394	880,266	927,437	1,807,703
<u>Expenditures by Category</u>					
Total Compensation	26,947	30,131	30,073	26,720	56,793
Other Operating Expenses	726,425	808,263	850,193	900,717	1,750,910
Total	753,372	838,394	880,266	927,437	1,807,703
<u>Expenditures by Program</u>					
Statewide Services	49,107	64,552	43,995	33,450	77,445
Statewide Insurance Programs	704,265	773,842	836,271	893,987	1,730,258
Total	753,372	838,394	880,266	927,437	1,807,703
Full-Time Equivalents (FTE)	290.1	323.8	299.2	286.1	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	22,224	28,128	28,129	56,257
Technical Adjustments				
Operating Budget Reduction		(21)	(21)	(42)
Subtotal - Forecast Base	22,224	28,107	28,108	56,215
Change Items				
Results Management	0	250	250	500
Task Force on Small Agencies and Boards	0	50	0	50
Operating Budget Reduction	0	(957)	(957)	(1,914)
Total Governor's Recommendations	22,224	27,450	27,401	54,851
Fund: GENERAL				
Planned Statutory Spending	207	207	207	414
Total Governor's Recommendations	207	207	207	414
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	7,421	11,684	12,114	23,798
Total Governor's Recommendations	7,421	11,684	12,114	23,798
Fund: BUILDING				
Planned Statutory Spending	33,970	11,017	0	11,017
Total Governor's Recommendations	33,970	11,017	0	11,017
Fund: STATE EMPLOYEES INSURANCE				
Planned Statutory Spending	741,622	803,084	859,804	1,662,888
Total Governor's Recommendations	741,622	803,084	859,804	1,662,888
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	32,220	33,187	34,183	67,370
Total Governor's Recommendations	32,220	33,187	34,183	67,370
Fund: MANAGEMENT ANALYSIS				
Planned Statutory Spending	2,487	2,605	2,697	5,302
Total Governor's Recommendations	2,487	2,605	2,697	5,302

MINNESOTA MANAGEMENT & BUDGET

Change Item: Results Management

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$250	\$250	\$250	\$250
Revenues	0	0	0	0
Net Fiscal Impact	\$250	\$250	\$250	\$250

Recommendation

The Governor recommends \$250,000 per year for a Results Management Initiative for the executive branch of state government. Data management and staffing costs requested for the initiative are to be used to develop and implement a process of public program review and improvement.

Rationale

This initiative creates a data driven, process to ensure that state agencies clearly identify their performance objectives and are held accountable for achieving results on critical initiatives. The Results Management Initiative will be a collaborative effort of the Governor's office, Minnesota Management & Budget, the Department of Administration, and the Office of Enterprise Technology.

The efficient and effective use of limited state resources is a critical need and each state activity should be carefully scrutinized for its contribution to the overall goals of the state. However, current data, and by extension public debates, tend to focus on outputs of dollars spent or clients served. This leaves little time to assess how a program functions and whether its strategies are effective. Exacerbating the problem are high level, infrequently updated outcome measures that are difficult to link to the day-to-day work of state government agencies.

The Results Management Initiative is based on well-demonstrated efforts at many local units of government. The City of Baltimore has pioneered this approach and its influence is found in cities across the country including Minneapolis. Fewer states have adopted this strategy, but early adopters include Maryland and Washington. This initiative will:

- 1) identify (or confirm) agencies' high-level performance measures and data;
- 2) commit state agencies to strategies for achieving key outcomes;
- 3) select a core set of strategic initiatives and outcomes of enterprise-wide importance;
- 4) drive results on these strategic initiatives with focused and frequent review of progress; and
- 5) redirect strategies when data indicates a need for course correction to better achieve outcomes

The Results Management Initiative is based on the notion that improving performance of state government requires information, consistent and frequent review of data, and clear priorities. This will create a stable, focused place for priority issues to be addressed. Performance review meetings will be open to the public.

Key Goals and Measures

This initiative is intended to make statewide goals relevant to the day to day management of state government. Initial benchmarks for this initiative are:

- Assess, in partnership with agency leaders, the relevance of key performance measures and agency initiatives to improve performance
- Emphasize use of data to measure progress toward achieving outcomes
- For selected enterprise-wide priorities, conduct frequent reviews of progress toward milestones and improvement in performance indicators
- Redirect strategies and course correct as data indicates in order to reach priority outcomes

The outcome of this initiative is to increase managers' data orientation, speed the pace of project delivery and accomplish the identified key initiatives and priorities. As a result, three proposed evaluative measures for this initiative are:

- 1) Survey of state agency leadership involved in results management efforts to determine the degree to which data influences day to day management activities
- 2) Success rate of priority initiatives and progress toward identified goals
- 3) Extent to which risk factors for strategic initiatives are mitigated and addressed during the course of the project.

Statutory Change: None.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Task Force on Small Agencies & Boards

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$50	0	0	0
Revenues		0	0	0
Net Fiscal Impact	\$50	0	0	0

Recommendation

The Governor recommends a one-time appropriation of \$50,000 for a task force to review the operations and services of the smallest state agencies, boards, and commissions. The task force will consider whether any of these organizations should be eliminated or merged, and will make recommendations to ensure that small agencies have adequate operational capacity so that they are achieving the highest value for the public dollar.

Rationale

The state's smallest agencies, boards, and commissions were each created to serve the unique needs of their specific constituencies. Small entities with focused missions may be more nimble in serving their constituents' needs, but they also lack the economies of scale necessary to operate efficiently as a state agency. For this reason, the state's smallest agencies, boards, and commissions face continuing challenges in managing state budget, accounting, and human resources requirements. They also have less flexibility and fewer tools for managing budget reductions and rising compensation costs. With limited budgetary and staff resources, small agencies struggle to incorporate new technology. These agencies often have mission-oriented management from the private or non-profit sectors who feel burdened by state regulations designed for larger government entities. The result is frequent audit findings and heavy reliance on state administrative agencies, as well as frustration on the part of small agency management when operating like a state agency interferes with achieving their missions.

Many small agencies have achieved greater economies of scale by using the Department of Administration's Small Agency Resource Team (SmART) services, implementing new technology, consolidating back-office functions with a cluster of related agencies, or partnering with a larger agency on administrative matters. However, not all of the smallest agencies are using these options, and there may be cases where elimination, merger, or conversion to a non-state entity is appropriate.

The task force shall:

- Identify and describe the purpose of each agency, board, and commission with 10 or fewer FTE
- Review the missions, services, and operations of the those organizations
- Make recommendations on whether any of these organizations should be eliminated or merged, and any other changes necessary to ensure that small agencies have adequate operational capacity and are achieving the highest value for the public dollar

Similar to the federal Base Closure and Realignment Commission, all task force recommendations will be sent to the legislature for final review and approval in a single, up or down vote package. It is recognized that these small agencies have dedicated constituencies and part of this group's charge is to find a solution that is best for everyone, even if there are some individual winners and losers.

The task force will consist of nine public members, with five appointed by the Governor and two appointed by each chamber of the legislature. Management Analysis & Development (MAD) within Minnesota Management & Budget (MMB) will provide facilitation and fiscal agent services for the task force. Recommendations will be due to the legislature by January 15, 2012.

Key Goals and Measures

This initiative serves the Minnesota Milestones goal of "Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them." The goal of the task force is to evaluate whether the state's smallest agencies, boards, and commissions are operating in a cost-effective manner that best serves the state, and to make recommendations where missions, operational structures, or service delivery can be improved. Success will be measured by the extent to which:

- The task force recommendations ensure adequate operational capacity for all small agencies, boards and commissions
- Where structural changes to some small agencies would yield higher value for the public dollar, the task force has recommended that these organizations be eliminated, merged, or converted to non-state entities
- The task force recommendations are sufficiently detailed and actionable so that small agencies and lawmakers can swiftly implement the changes
- **Statutory Change:** Not Applicable.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(957)	\$(957)	\$(957)	\$(957)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(957)	\$(957)	\$(957)	\$(957)

Recommendation

The Governor recommends a reduction of \$957,000 in FY 2012 and \$957,000 in FY 2013 to Minnesota Management & Budget's (MMB) general fund operating budget. The Governor intends that MMB should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

This proposal represents a 5% reduction to MMB's General Fund budget.

Rationale

MMB's total base forecast General Fund operating budget is \$19.1 million for FY 2012 and \$19.1 million for 2013 and includes amounts for all functions of the department. MMB has no pass through grants so all reductions will reduce operating expenditures and positions during the FY 2012-13 biennium.

This reduction will eliminate 11 positions across MMB through layoff and attrition and would produce biennial savings of \$1.9 million. Reductions in positions and services would be made across the department because eliminating an entire function or unit did not appear feasible. Typically, program integrity functions such as financial controls and human resources have to happen somewhere and eliminating the centralized activities would further shift responsibility as well as costs to state agencies.

Reductions would impact state operations in the areas of accounting assistance for state agencies, state budget development and implementation, internal control activities, budget oversight for capital projects, state bonding and treasury activities, labor relations, human resources, and management analysis. The department will do what it can to manage the impact of reductions to operations and support when conversion to the new statewide accounting and procurement system starts in July 2011. During the transition time, which will stretch into calendar year 2012, increased level of support will be needed at MMB and throughout state government to utilize new software, adopt new business processes, and avoid conversion related disruption.

Statutory Change: Not Applicable.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Statewide Systems Billing Authority

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	2,480	2,480
Revenues	0	0	2,480	2,480
Net Fiscal Impact	\$0	\$0	\$2,480	\$2,480

Recommendation

The Governor recommends an increase of \$2.48 million each year beginning in FY 2014 to Minnesota Management & Budget's (MMB) billing authority for statewide systems services. This increase is needed to meet the expected additional costs in operating the statewide systems. This proposal represents a 33% increase in MMB's current billing authority.

Rationale

In M.S. 16A.1286, the commissioner of Minnesota Management & Budget has the authority to bill up to \$7.52 million each fiscal year for statewide systems services provided to state agencies, judicial branch agencies, the Minnesota State Colleges and Universities (MnSCU), and other entities that utilize these services. These services include operation of the state's accounting, payroll, human resources, benefits administration, procurement, and information access systems.

In recent years, the department has managed system costs without fully utilizing this billing authority. For instance, the last three fiscal years—2009, 2010, and 2011--MMB billed \$6.6 million each year. MMB plans to manage within the existing billing authority for the FY 2012-13 biennium. Per an agreement with the legislature in 2009 when the overall project funding was reduced by \$4 million, proceeds of this billing authority will also be used in the event of the need for contingencies for the conversion to SWIFT.

Over time, the base technology of the statewide systems has evolved. Major version updates have been completed for the human resource, payroll, and benefits administrations system, functionality has been expanded, and OET services have been modified. This has resulted in staff support changes and additional changes are expected as the new SWIFT system is implemented including increased license and staffing costs. Additional billing authority will be needed to maintain this level of service. At this point, the account will be spending more than it takes in and an adjustment is required. An increase of \$2.48 million, taking this billing authority up to a maximum of \$10 million, will provide MMB the means to meet these needs.

Statutory Change: M.S. 16A.1286

Program Description

The purpose of the Statewide Services program is to provide a variety of services, manage and support systems, and develop information for the executive, legislative and judicial branches of state government.

Budget Activities

- Accounting Services
- Budget Services
- Economic Analysis
- Information Systems
- Treasury
- Management Analysis & Development
- Human Resource Management
- Labor Relations
- Agency Administration

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	23,421	22,224	28,128	28,129	56,257
Technical Adjustments					
Operating Budget Reduction			(21)	(21)	(42)
Subtotal - Forecast Base	23,421	22,224	28,107	28,108	56,215
Governor's Recommendations					
Results Management		0	250	250	500
Task Force on Small Agencies and Boards		0	50	0	50
Operating Budget Reduction		0	(957)	(957)	(1,914)
Total	23,421	22,224	27,450	27,401	54,851
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	19,229	20,467	18,482	18,432	36,914
Statutory Appropriations					
General	191	207	207	207	414
Miscellaneous Special Revenue	6,613	7,421	11,684	12,114	23,798
Building	20,813	33,970	11,017	0	11,017
Management Analysis	2,261	2,487	2,605	2,697	5,302
Total	49,107	64,552	43,995	33,450	77,445
<u>Expenditures by Category</u>					
Total Compensation	23,148	25,660	25,350	21,825	47,175
Other Operating Expenses	25,959	38,892	18,645	11,625	30,270
Total	49,107	64,552	43,995	33,450	77,445
<u>Expenditures by Activity</u>					
Accounting Services	24,712	38,077	14,789	3,772	18,561
Budget Services	3,367	3,707	3,448	3,448	6,896
Economic Analysis	530	475	475	475	950
Information Systems	9,509	10,302	14,940	15,414	30,354
Treasury	1,685	1,906	1,906	1,906	3,812
Management Analysis & Devlpmnt	1,988	2,272	2,402	2,411	4,813
Human Resource Management	2,885	2,974	2,997	2,987	5,984
Labor Relations	1,166	1,156	1,154	1,153	2,307
Agency Administration	3,265	3,683	1,884	1,884	3,768
Total	49,107	64,552	43,995	33,450	77,445
Full-Time Equivalents (FTE)	245.3	272.2	247.6	234.5	

Activity at a Glance

- Provide direction and control of statewide accounting and payroll functions.
- Maintain integrity of statewide accounting, procurement, and employee management systems—activities with more than 15 million transactions every year.
- Prepare Minnesota's financial statements and federal compliance reports, compiling data from more than 5,000 accounts.
- Provide training on multiple statewide systems.

Activity Description

The Accounting Services Division provides financial management systems and services that support state operations in the following areas: accounting, payroll, and financial reporting. This includes functional support of the Minnesota Accounting and Procurement System (MAPS), and the Statewide Employee and Management System (SEMA4). Accounting Services will also provide functional support to the new Statewide Integrated Financial Tools (SWIFT) system that will go live on July 1, 2011. This system replaces MAPS.

Population Served

Primary customers include state agencies, the governor and executive branch management, and the legislature and

its staff. Other customers include governmental and non-governmental organizations, financial institutions, the media, and the public. State employees, vendors, individuals, school districts, and local units of government receive payments through MAPS and SEMA4.

Services Provided

The Accounting Services Division provides direction and support at a statewide level to help agencies meet their financial needs. This includes establishing policies to ensure the necessary internal controls are in place to safeguard assets and to comply with appropriate financial principles, policies, and legal requirements. The MAPS/SWIFT and SEMA4 systems are valuable tools necessary to help meet these objectives. Over 15 million transactions are processed in these systems to account for over \$30 billion in both expenditures and revenue on an annual basis.

Sets statewide accounting and payroll policies and procedures. This activity establishes statewide policies, procedures and guidelines for agencies to base their accounting and payroll operations. Instructions take the form of written policies, system design, and instruction on best practices. The activity strives to balance the tension between agency needs for flexibility and statewide needs for consistency and accountability.

Provides training and assistance to agencies on the state's financial systems. This activity provides training and assistance to agency staff on the effective and efficient use of the statewide systems to meet their objectives. This includes educating agency staff in accounting and payroll system functionality as well as individualized assistance when problems arise. In addition, Accounting Services works with our customers to ensure their system-related needs are being met whether through system modifications or data interfaces.

Directs and maintains integrity of the accounting and payroll systems. This activity is responsible for directing the operation of the statewide accounting and payroll systems and maintaining the integrity of the information contained in the systems. These systems provide the actual payment of state obligations to vendors and employees by either issuing a warrant (check) or an electronic funds transfer. Program controls assure the integrity of the data and of the internal operations of the accounting and payroll systems.

Prepares statewide financial reports. This activity acts as the state lead in the preparation of the state's portion of the federal single audit report, reporting for federal cash management activities, indirect cost allocations, and other statewide compliance monitoring and reporting. The activity also prepares the state's Comprehensive Annual Financial Report (CAFR). The CAFR is an audited report of all state activities and is prepared in accordance with generally accepted accounting principles.

Historical Perspective

By statute, the commissioner is the state's controller, treasurer, and chief accounting and financial officer. The commissioner fulfills statutory responsibility for the state's accounting, payroll, and financial reporting functions through the Accounting Services Division.

Key Activity Goals & Measures

Activity goals fall under the Minnesota Milestone goal #36: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

This goal will be accomplished by:

Meet agency needs while maintaining the integrity of MAPS/SWIFT and SEMA4 systems

- Receive the annual Certificate of Achievement for Excellence in Financial Reporting, awarded by the Government Finance Officers Association (GFOA). The department has received this certificate the last 24 years for its work on Minnesota's CAFR.
- Maintain an annual unqualified audit opinion from the Office of the Legislative Auditor. The department has earned this achievement for its work on the CAFR the last 25 years.

Activity Funding

This activity is funded by a general fund appropriation. Debt service payments for the SWIFT project will be paid each year through FY 2019 with a separate general fund appropriation for that purpose.

Contact

Assistant Commissioner, Accounting Services

(651) 201-8012

www.finance.state.mn.us

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: ACCOUNTING SERVICES

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<i>Expenditures by Fund</i>					
Direct Appropriations					
General	3,634	3,772	3,772	3,772	7,544
Statutory Appropriations					
Miscellaneous Special Revenue	265	335	0	0	0
Building	20,813	33,970	11,017	0	11,017
Total	24,712	38,077	14,789	3,772	18,561
<i>Expenditures by Category</i>					
Total Compensation	7,410	9,697	7,577	3,547	11,124
Other Operating Expenses	17,302	28,380	7,212	225	7,437
Total	24,712	38,077	14,789	3,772	18,561
Full-Time Equivalents (FTE)	84.7	106.3	69.7	50.0	

Activity at a Glance

- Coordinated the biennial and supplemental budget development, monitoring and implementation process that resulted in enactment of a \$59 billion all funds FY 2010-11 biennial budget for Minnesota during the 2009 and 2010 legislative sessions.
- Coordinated the 2010 capital budget development, monitoring and implementation process that resulted in enactment of \$812 million in new general obligation bonding authorization for Minnesota state and local government.
- Worked with state agencies to complete 813 fiscal notes during the 2009 legislative session and 622 fiscal notes during the 2010 legislative session.
- Provides oversight and monitoring of the budgets of more than 100 state agencies, boards and commissions.
- Provides central coordination and oversight of over \$5 billion in federal American Recovery and Reinvestment Act (ARRA) funding awarded to Minnesota state agencies.

Activity Description

Budget Services seeks to ensure that objective and relevant fiscal information is readily available for decision-makers throughout the year but especially when budget decisions are being made. Budget Services promotes sound fiscal policy in decision-making and a statewide view in the management of state resources.

Population Served

Primary customers are the governor, state agencies, legislators, legislative staff and their committees. The division also serves citizens interested in understanding the state budget.

Services Provided

The work of Budget Services can be divided into three broad categories:

Budget Process – Coordinates the development of the governor’s biennial, capital and supplemental budget recommendations, including providing budget development instructions to state agencies. The resulting products include both budget background information on agencies and detailed governor’s recommendations that are provided to the legislature for review and consideration. After submission of the governor’s budget, Budget Services staff supports the legislative process by responding to

information requests, providing testimony, and operating the fiscal notes and local note process as requested by the legislature. Additional analysis and assistance are provided throughout the year, including staff support during legislative hearings and coordination of the Legislative Advisory Commission (LAC) process.

Information and Analysis – Develops and publishes budgetary information for use by decision-makers, staff and citizens. These products include reports on the current budget condition, agency expenditure forecasts and state budget planning estimates, and other reports such as the Consolidated Fund Statement and the Fastest Growing Expenditures Report.

Oversight - Provides oversight and monitoring of budget implementation by agencies, evaluation and approval of annual spending plans, and provides financial information and analysis of state spending to the governor, legislature, press and citizens. Budget Services also monitors the state’s cash position and actively manages cash flow across the state’s funds and accounts.

Key Activity Goals & Measures

Budget Service’s work is guided by the mission of Minnesota Management & Budget (MMB) to increase state government’s capacity to manage and utilize financial, human, information and analytical resources in order to provide exceptional service and value for Minnesota’s citizens. While no single entity can claim to be responsible for Minnesota’s budget and financial position, having timely, relevant and objective fiscal information available to decision makers is fundamental to having a financially well managed state. Budget Services monitors a number of broad statewide financial management indicators to help track these goals.

Bond rating:

Minnesota’s general obligation bond issues are rated by three national rating firms: Moody’s, Standard and Poor’s and Fitch. When rating bond issues, each rating agency looks at a number of factors such as the state’s economy, its financial health and its financial management. Under financial management practices, the rating

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: BUDGET SERVICES

Narrative

agencies look at such things as revenue and expenditure assumptions, effectiveness of budget processes, use of long-term financial planning and long-term capital planning, reserve policies and debt and investment management policies.

Currently, Minnesota has the highest rating possible – AAA – from two of the rating agencies and the second highest rating – Aa1 – from the third agency for its general obligation debt. There are currently ten states with bond ratings equal to or higher than Minnesota's.

Price of Government:

According to Minnesota Milestone Indicator 37, Minnesotans expect their state and local governments to spend money carefully, efficiently and effectively. To help decision makers with one view of the cost-effectiveness of state and local government, the budget division monitors the price of government. This is a measure of total government revenues relative to state personal incomes. Although there is not a universally accepted target for this measure, knowing the current statistics informs state budget decisions.

Minnesota Price of Government State and Local Revenues as % of Personal Income End of 2010 Session	
FY 2013	15.8% (est.)
FY 2012	15.8% (est.)
FY 2011	16.1% (est.)
FY 2010	15.6%
FY 2009	15.0%
FY 2008	15.8%

Government Performance Project:

In 2005 and 2008, the Pew Charitable Trusts conducted a national project called "Grading the States." Each state was graded on four important aspects of government operations: Money, People, Infrastructure, and Information. Most relevant to Budget Services at MMB was the Money category. In the Money category, Pew staff evaluated the degree to which a state takes a long-term perspective on fiscal matters, the timeliness and transparency of the budget process, the balance between revenues and expenditures, and the effectiveness of a state's contracting, purchasing, financial controls and reporting mechanisms. In 2008, Minnesota received a B+ while the average for all states was B-.

Grading the States (Pew Charitable Trusts)		
Money category	2005	2008
Long-Term Outlook	Strength	Strength
Budget Process	Mid-level	Strength
Structural Balance	Strength	Mid-level
Financial Controls/Reporting	Strength	Mid-level

Other Goals & Measures:

Another central goal for Budget Services is to provide decision makers with high quality, accurate and timely information in order to make informed decisions.

- In 2010 Budget Services completed 622 fiscal notes. The average time from request of a fiscal note to completion of the note was nine days.
- Budget Services also provided expenditure forecast information, base budget information, governor's budget information and other summary state fiscal data in a timely manner and in accordance with statute.

The goal of Budget Services' work with the American Recovery and Reinvestment Act is to ensure compliance with federal reporting requirements and transparency expectations associated with the federal funding.

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: BUDGET SERVICES

Narrative

- Budget Services worked with agencies to ensure timely and accurate submission of over 200 ARRA related federal reports each quarter.
- The MMB transparency website for ARRA is ranked 4th in the nation by a non-profit research center.

Activity Funding

Base funding in the Budget Services activity has historically been from a general fund appropriation. A small amount of division resources comes from the county program aid appropriation (general fund) to support the local impact note process.

In FY 2010-11, one-time resources were used to support a separate project to modernize the state's biennial budget system (MMB carry forward and financial assistance from other agencies) and to support statewide ARRA monitoring, reporting and financial control activities (one-time general fund appropriation). Work on the budget system will continue into FY 2012 and 2013 with a specific focus on aligning with the changes in the statewide accounting system.

Contact

State Budget Director

Phone: (651) 201-8021

Web site: www.mmb.state.mn.us

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: BUDGET SERVICES

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,364	3,500	3,241	3,241	6,482
Statutory Appropriations					
General	191	207	207	207	414
Miscellaneous Special Revenue	812	0	0	0	0
Total	3,367	3,707	3,448	3,448	6,896
<u>Expenditures by Category</u>					
Total Compensation	2,404	2,464	2,239	2,239	4,478
Other Operating Expenses	963	1,243	1,209	1,209	2,418
Total	3,367	3,707	3,448	3,448	6,896
Full-Time Equivalents (FTE)	25.2	26.1	23.0	23.0	

Activity at a Glance

- Prepare revenue forecasts in February and November of each year.
- Prepare economic updates in January, April, July and October of each year.
- Provide customers with information and analysis on the state's economy and economic outlook.

Activity Description

The Economic Analysis section prepares periodic forecasts of state revenue as required by state law. These forecasts provide the governor and legislature with a starting point for the biennial budget process as well as for making mid-biennium adjustments as warranted. Revenue planning estimates are also prepared for future biennia. These estimates provide guidance for future spending decisions, and signal when long-term spending commitments may exceed projected future revenue. On an ongoing basis, Economic Analysis also provides information and analysis

to the public, the media, elected officials and staff and other interested parties on the state's economy and the general economic environment and outlook.

Population Served

Primary customers include the governor and executive branch management, the legislature and its staff, state agencies, bond agencies, governmental and nongovernment organizations, the media, and the public.

Services Provided

Economic Analysis prepares revenue forecasts two times each year in November and February. The February forecast serves as the basis for executive and legislative budget decisions. The forecasts provide revenue projections for the current biennium based on the most recent information about the national and state economic outlook and recent revenue collection experience. The forecasts are also the basis for revisions to the revenue planning estimates provided for future biennia. The Economic Analysis section focuses on the revenue side of the forecast, while the expenditure side is prepared by state agency and Budget Services staff.

The revenue forecast is prepared based on a national economic forecast provided by Global Insight Inc. (GII). The national forecast is then reviewed by Minnesota's Council of Economic Advisors. After the Council's review, the national economic outlook is combined with state-level indicators to forecast the Minnesota economy using an econometric model developed and maintained by Economic Analysis staff. The projections obtained from the model of the Minnesota economy are then used as inputs into other models used to compute projected state revenues. Revenue planning estimates for the following biennium are obtained from the same revenue models but are driven entirely by the long term national economic outlook of GII.

The Economic Analysis section also prepares economic updates in January, April, July and October of each year. These economic updates compare how actual revenue collections for the current year compare to the forecast as well as provide notes on changes in the national economic outlook.

Key Activity Goals & Measures

Minnesota Milestones Indicators 36 and 37: Satisfaction with Government Services and Price of Government Goal: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

Economic Analysis Principle: Sound revenue forecasts make government more efficient by reducing uncertainty for public sector managers and by reducing the need to make short term adjustments in program activities due to unanticipated fluctuations in revenues.

Key Measures

In 2005 and 2008, the Pew Charitable Trusts conducted a national project called “*Grading the States.*” Each state was graded on important aspects of government operations relating to money. In that category, Pew staff evaluated the degree to which a state takes a long-term perspective on fiscal matters, the timeliness and transparency of the budget process, the balance between revenues and expenditures, and the effectiveness of a state’s contracting, purchasing, financial controls and reporting mechanisms. Minnesota’s government operations relating to money received the ratings in the chart set out below.

Grading the States (Pew Charitable Trusts)		
Money category	2005	2008
Long-Term Outlook	Strength	Strength
Budget Process	Mid-level	Strength
Structural Balance	Strength	Mid-level
Financial Controls/Reporting	Strength	Mid-level

(Strength=High, Mid-level=Medium, Weakness=Low)

Activity Funding

This activity is funded through a general fund appropriation.

Contact

State Economist

Phone: (651) 201-8013

Web site: www.mmb.state.mn.us

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: ECONOMIC ANALYSIS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	530	475	475	475	950
Total	530	475	475	475	950
<u>Expenditures by Category</u>					
Total Compensation	363	306	306	306	612
Other Operating Expenses	167	169	169	169	338
Total	530	475	475	475	950
Full-Time Equivalents (FTE)	4.0	4.0	4.0	4.0	

Activity at a Glance

Information Systems provides technical support for major statewide applications:

- Minnesota Accounting and Procurement System (MAPS)—2,200 total users
- Statewide Employee Management System (SEMA4)—45,250 total users
- Information Access (IA) data warehouse—1,600 total users
- Budget information systems—430 total users
- Resumix (hiring support system)—250 total users

Activity Description

The Information Systems (IS) section is responsible for the design, maintenance, and operation of the statewide administrative, budget, and hiring support systems, as well as the treasury investment system, computer network, and web services.

Population Served

The IS section delivers core infrastructure services to state agencies and employees, vendors, individuals, school districts, and many other entities. Through the Information Access Data Warehouse (IADW), IS provides information to state agencies, the governor, the legislature, other governmental and private sector organizations, the media, and the public. This section also supports several internal systems used throughout the department for analysis and oversight.

Services Provided

IS manages the following:

- Computer software applications that provide the state's accounting and procurement functions (MAPS), statewide human resources, insurance, and payroll processes (SEMA4), statewide budget planning (BIS), statewide applicant and hiring (Resumix), and treasury functions.
- The state's information access (IA) data warehouse that provides access to detailed statewide accounting, procurement, payroll, insurance, and human resources data used by agencies for operations, analysis, and reporting.
- The department's computer network, infrastructure, security, desktop computers, and web services
- Provides systems support and development resources for all systems projects of MMB.

Historical Perspective

The statewide administrative systems (MAPS, SEMA4, and IA data warehouse) were fully implemented in 1995. These systems support statewide processing of accounting, procurement, payroll, insurance and human resource transactions, and provide operational information and ad hoc reporting capability to support agencies in their decision-making processes.

SWIFT: A majority of the IS staff are involved with the Statewide Integrated Financial Tools (SWIFT) project that will replace MAPS and the IA warehouse. In July, 2011, this project will result in implementation of a new financial system and a new information warehouse utilizing state of the art software and technology. The SWIFT system will utilize Oracle's PeopleSoft financials and data warehousing software—software within the same family of products as the SEMA4 system. A significant benefit of using similar products is that IS is able to leverage existing technical infrastructure investments and more readily move technical staff between application support areas as needs arise.

MAPS: A MAPS upgrade was completed in November 1998 that moved MAPS to a Year 2000-compliant version of the software. Since then, additional functionality was added for Electronic Funds Transfer (EFT) and the MAPS vendor payments web site. The system has reached the end point of its life cycle, and the SWIFT project was approved in 2009 to replace MAPS.

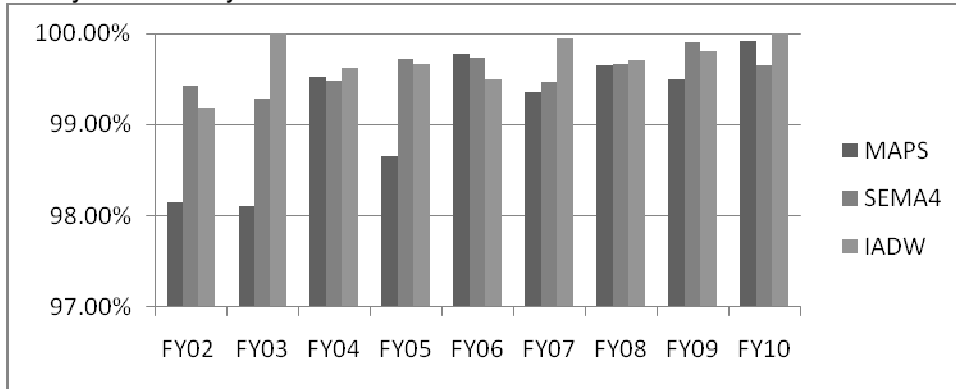
SEMA4: SEMA4 is in very good condition, with upgrade projects in 2001 (technical software upgrade); 2003 (upgraded to current software, reduced the amount of customizations made to the base product, added the insurance administration application, and implemented an online paycheck/advice system and other employee self service functionality); 2007 (moved to a lower cost operational environment); and in 2008 (upgraded to the latest version of software to maintain vendor support and tax upgrades). These projects were all completed within the established timelines and budgets. Modifications to integrate SEMA4 with the SWIFT project are underway.

Information Access (IA) Warehouse: The IA data warehouse is the state repository for current and historical data from MAPS and SEMA4, and it provides agencies with both ad hoc and operational reporting capabilities. Since 1995, use of the data warehouse has grown significantly to about 1,900 users. This system will continue to be available for historical data after the new SWIFT and warehouse systems come online July 1, 2011.

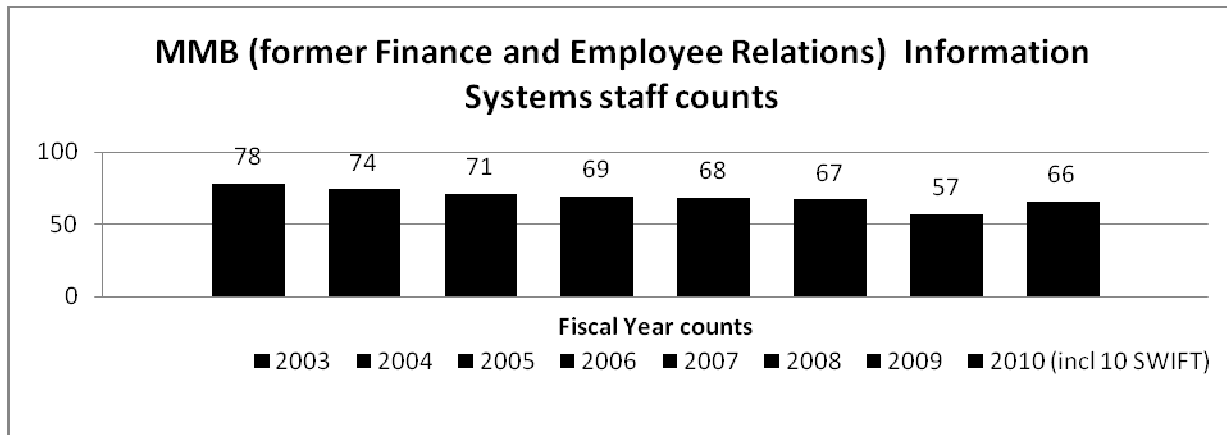
IS also provides application development and support for the budget systems (Capital Budget, Biennial Budget, and Fiscal Note Tracking), applicant/hiring systems (Resumix and Onboarding), various treasury applications, and other internal systems to support the agency’s management and staff needs.

Key Activity Goals & Measures

Information Systems strives to provide reliable and available statewide systems. The chart below highlights the percentage of time key statewide systems were available.



Information Systems strives to obtain efficiencies in the delivery of services. The chart below highlights reduced staffing that has been implemented through efficiencies in the IS areas of the former two agencies (departments of Employee Relations and Finance) and the consolidated agency.



MMB has a departmental governance process for information systems through the Information Resources Steering Committee (IRSC). The IRSC is responsible for creation and maintenance of the agency’s Strategic Information Plan. This document outlines the committee’s high level strategic information plans and goals. As shown below in the chart titled Primary Information Systems, IRSC’s assessment of existing applications provides clear information of the high priority systems that are in need of attention (e.g., MAPS and budget systems). IRSC’s top priority goals are to replace MAPS, the Budget Systems, Treasury systems, and Resumix; to increasingly provide transparency and accessibility improvements to the state’s public information; to utilize workflow and other productivity enhancements in SEMA4; and to maintain, upgrade, and leverage the technology of the agency to enhance productivity of the agency’s employees.

The following chart highlights some of the major applications supported by IS, primarily those that are used by external users. The chart does not show the many internal support applications in use by the department. The chart is divided into four quadrants (see notes below chart). In the upper left quadrant (the “Replace” quadrant) are the applications most in need of attention and improvement. Definitions for the chart:

- **Leverage**—Systems in this quadrant have high business value and high technical condition. Typically, they are our most recently updated or implemented systems. They offer advanced capabilities, such as employee

MINNESOTA MANAGEMENT & BUDGET

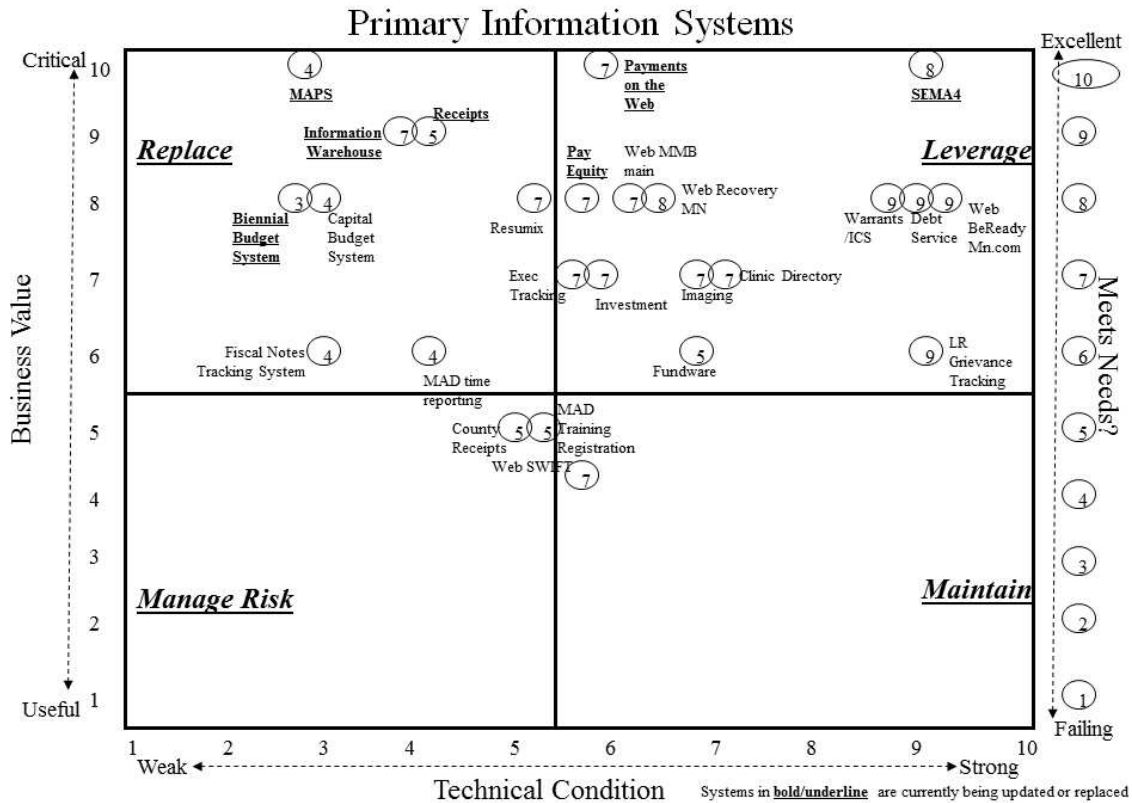
Program: STATEWIDE SERVICES

Activity: INFORMATION SYSTEMS

Narrative

self service and are consistent with state technology architecture. We view these systems as the architectural foundation and would plan to leverage the investments and technology for new and replacement systems.

- **Maintain**—Systems in this quadrant are technically sound, but which have relatively low business value. Our objective is to maintain them in proper working order, but not to make major new investments to improve or extend them.
- **Manage Risk**—Systems in this quadrant have relatively low business value and are in marginal or poor technical condition. Typically, systems in this category are needed for ongoing business functions, but use outdated technology or require significant support to accomplish their objectives. While investments may need to be made, often our choice will be to manage risks associated with the system rather than large scale new investment.
- **Replace**—Systems in this quadrant need to be replaced. They have high business value and are in marginal or poor technical condition. These systems are our highest priority for investment and effort. Some use software that is no longer supported. Others have simply reached the end of their effective life cycle and must be redesigned. In both cases, we try to go beyond simple replacement, and add value by improving performance and functionality. Systems in this category include our MAPS and Budget Systems.



Activity Funding

The Information Systems Division receives 45% of its funding from a general fund direct appropriation and 55% through special revenue funds. The special revenue funds include the chargeback to agencies through the “statewide systems billing account” and through insurance administrative fees charged to agencies. These special revenue charges to agencies draw against state agencies’ General Fund and other accounts.

Contact

Chief Information Officer

Phone: (651) 259-3699

Web site: www.finance.state.mn.us

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: INFORMATION SYSTEMS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	4,270	3,645	3,645	3,645	7,290
Statutory Appropriations					
Miscellaneous Special Revenue	5,239	6,657	11,295	11,769	23,064
Total	9,509	10,302	14,940	15,414	30,354
<u>Expenditures by Category</u>					
Total Compensation	5,019	4,568	8,069	8,567	16,636
Other Operating Expenses	4,490	5,734	6,871	6,847	13,718
Total	9,509	10,302	14,940	15,414	30,354
Full-Time Equivalents (FTE)	47.2	44.3	59.4	66.0	

Activity at a Glance

- Average amount of cash invested daily is \$485 million
- Over 650 bank accounts reconciled each month
- Current state general obligation bond ratings are Aa1 (Moody's)/AAA (Fitch)/AAA (Standard & Poor's)
- Total general obligation debt outstanding (various purpose and trunk highway) is \$5.7 billion
- Amount of general obligation debt authorized and unissued is \$2.6 billion
- Local government debt enhanced under state credit enhancement programs totals approximately \$12.5 billion

Activity Description

The Treasury Division is responsible for three functional areas: cash management, debt management and capital budget implementation. The cash management unit is responsible for processing receipts and warrants, determining daily cash balances available for investment, and paying debt service on state general obligation bonds, certain revenue bonds and other obligations supported by General Fund appropriations. The debt management unit manages the issuance of state debt in accordance with the agency's capital investment guidelines and maintains a debt capacity model that is used to estimate the state's debt capacity and forecast debt service costs of future capital budgets. The capital budget unit is responsible for assisting state agencies and local governments in implementing capital budget appropriations in accordance with both state and federal law.

Population Served

Principal clientele include the governor and his staff, the legislature and its staff, staff in other divisions of MMB, other state agencies, local/regional governments, financial institutions, credit rating agencies, investors, and individuals and groups concerned with cash, debt and capital budget issues.

Services Provided**Cash Management:**

- Manage deposit activity in over 650 state depository accounts in 240 banks
- Provide daily settlement with banks for warrants presented for payment
- Manage the state's Electronic Government Services (EGS) financial applications
- Determine on a daily basis the state's cash position to maximize investment earnings
- Verify all investment purchases made by the State Board of Investment and authorize all payments to brokers; verify receipt of the appropriate amount of proceeds from investments that have matured
- Ensure on a daily basis that all state funds are properly collateralized or insured
- Receive, account for, and deposit all payments for federal and state income taxes, Medicare and Social Security taxes for the legislature, boards and commissions, state employees and state colleges and universities

Debt Management:

- Manage the state's general obligation and certain revenue bond financing programs
- Administer the state's lease purchase financing programs
- Ensure that all tax-exempt debt obligations comply with all federal tax regulations
- Manage certain federal bond authorizations in accordance with state and federal laws
- Conduct the bid process for all state depository bank accounts
- Work cooperatively with the departments of Education and Employment and Economic Development to administer the state's bond credit enhancement programs for schools, counties and cities

Capital Budget Administration:

- Work cooperatively with executive branch agencies to compile and review capital budget requests during each biennium
- Work with executive and legislative branches to ensure that proposed capital projects are eligible to be funded with proceeds of state general obligation bonds
- Provide written guidance, as well as on-site training, to state agencies and local governments to assist them in implementing capital budget appropriations in accordance with state and federal law

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: TREASURY

Narrative

- Act as a resource to state agencies and local governments that have questions about enacted capital budget appropriations
- Review the use of capital appropriations for selected projects upon project completion

Historical Perspective

The elected office of State Treasurer was abolished on January 6, 2003, as a result of a constitutional amendment that was approved by the voters in the November 1998 general election. The duties and responsibilities of the former State Treasurer were transferred to the Commissioner of Finance (now Minnesota Management & Budget) on January 6, 2003, by administrative order.

Key Activity Goals & Measures

Safeguard state funds until legally disbursed:

- **Measure:** Percentage of debt service payments made as scheduled in FY 2010: 100%
 - Accurately assess the state's cash position on a daily basis in order to help manage liquidity and maximize investment earnings
- **Measure:** System failures that caused delays in withdrawing funds to invest in state depositories in FY 2010: 0%
 - Maintain strong internal controls to assure accurate accounting of state funds, both for operating and capital purposes
- **Measure:** Federal and state withholding payments made on scheduled due dates in FY 2010: 100% (No penalties assessed)
 - Obtain and maintain the highest possible credit ratings from the three major rating agencies for state general obligation bonds
 - Effective debt management
- **Measure:** Net present value of debt service savings realized on refunding of state general obligation bonds in FY 2010 due to taking advantage of favorable market conditions: \$34.6 million
- **Measure:** Percentage of state general obligation bonds sold to Minnesota retail investors in inaugural negotiated sale in October 2009: 20% (\$116 million)
- **Measure:** State new money general obligation bonds are at or below market index rates published the week of each sale (the target rate is the index rate, which is The Bond Buyer weekly 20-Bond G.O. Index)

Sale Date	1/13/09	1/13/09	8/11/09	8/11/09	10/22/09	8/3/10	8/3/10
Index Rate	4.80%	4.80%	4.65%	4.65%	4.31%	4.16%	4.16%
Actual Rate	3.50%	3.47%	3.40%	3.41%	3.25%	3.16%	3.12%
Variance	(1.30%)	(1.33%)	(1.25%)	(1.24%)	(1.06%)	(1.00%)	(1.04%)

Activity Funding

The Treasury Division is funded by a direct appropriation from the general fund. The costs of issuing bonds, except those related to personnel, are funded from bond proceeds.

Contact

Assistant Commissioner, Treasury Division

Phone: (651) 201-8030

Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: TREASURY

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	1,685	1,906	1,906	1,906	3,812
Total	1,685	1,906	1,906	1,906	3,812
<u>Expenditures by Category</u>					
Total Compensation	1,019	1,102	1,102	1,102	2,204
Other Operating Expenses	666	804	804	804	1,608
Total	1,685	1,906	1,906	1,906	3,812
Full-Time Equivalents (FTE)	12.6	14.0	14.0	14.0	

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: MANAGEMENT ANALYSIS & DEVLPMNT

Narrative

Activity at a Glance

- Provides consulting and training services to state agencies, the legislature, local governments, the University of Minnesota, Minnesota State Colleges and Universities (MnSCU), and public K-12 institutions.
- Averages 139 engagements per year.
- Provides consulting services at lower cost than comparable external providers.

Activity Description

The Management Analysis and Development (MAD) Division is the state's management consulting and training organization. MAD offers a wide range of consulting and training services to state and local governments and higher education in accordance with M.S.16B.36.

Population Served

MAD consultants have worked on hundreds of projects with state agencies, boards and councils, the governor, the legislature, local units of government, and higher education institutions. The division's services are available to all public sector organizations on a fee-for-service basis. The direct recipients are public sector managers and executives; however, the ultimate beneficiaries are the state agencies, other public entities, and the end users whose services are improved.

Services Provided

- organizational improvement
- performance measurement
- service quality improvement
- customer relations
- mediation
- facilitation
- contingency planning
- evaluation
- training
- strategic planning
- process mapping/redesign
- legislative studies
- grant writing
- surveys
- transition services

Clients see improvements such as increased productivity, clearer direction, better working relationships, additional grant income, better data for decision making, and increased cooperation with stakeholders and partners.

Historical Perspective

MAD began consulting activities in 1985, with seven engagements in that year. Since that time, the requests for services have become increasingly complex and reflect the funding, societal, and policy pressures on public entities. Budget pressures and public expectations have increased the necessity for accountability, streamlining, and cooperation. From FY 2006 through FY 2010, the number of projects per year averaged 139. General Fund support for MAD has decreased from 61% in FY 1990 to 15% in FY 2010, with increased funding from fee revenue.

Key Activity Goals & Measures

Activity goals fall under the Minnesota Milestone statewide goal #36: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

MAD's key measure is customer satisfaction. The services provided by MAD staff are designed to address each specific client's needs. The degree to which those needs are satisfied is a critical measure. Some work is quantifiable, but other efforts, such as getting diverse and competing stakeholders to come to consensus, are immeasurable (and critically important to MAD's clients).

- MAD's goal is to achieve at least a 95% overall satisfaction rate on an annual basis, as measured by a post-engagement survey of clients.
- In FY 2010, 96% of clients responding indicated that they were satisfied or very satisfied with the overall engagement.

Activity Funding

The majority (85%) of MAD's operations are supported from fee revenue collected for its services in an internal service fund. The remaining 15% is from an appropriation made from the General Fund. This appropriation covers activities such as legislative mandates (testimony on topics as requested by the legislature), cross-agency management improvement projects, and work on behalf of the state as a whole (supporting statewide productivity improvement initiatives, conducting contingency planning for state operations, and establishing a gubernatorial transition office).

Operating Losses/Increases in Retained Earnings: The division's approved rate increases are helping return the division to the recommended retained earnings level.

History of Rate Changes:

Fiscal Year	2005	2006	2007	2008	2009	2010	2011
Hourly Rate	\$103	\$115	\$120	\$125	\$125	\$125	\$125
Change	5%	12%	4%	4%	0%	0%	0%

Contact

MAD Director

Phone: (651) 259-3801 Web site: <http://www.mad.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: MANAGEMENT ANALYSIS & DEVLPMNT

Narrative

**Internal Service Fund
Financial Statement**

	ACTUAL FY 2010	ESTIMATED FY 2011	PROJECTED FY 2012	PROJECTED FY 2013
OPERATING REVENUES:				
NET SALES	1,775.0	1,942.0	2,000.0	2,060.0
LESS: COST OF SALES	0.0	0.0	0.0	0.0
GROSS PROFIT ON SALES	1,775.0	1,942.0	2,000.0	2,060.0
OTHER REVENUE	0.0	0.0	0.0	0.0
NET REVENUES	1,775.0	1,942.0	2,000.0	2,060.0
LESS: OPERATING EXPENSES:				
SALARIES	970.0	1,248.0	1,285.0	1,323.0
SUPPLIES & EXPENSES	681.0	674.0	692.0	711.0
INDIRECT COSTS	39.0	50.0	52.0	54.0
AMORTIZATION & DEPRECIATION	0.0	0.0	0.0	0.0
TOTAL OPERATING EXPENSES	1,690.0	1,972.0	2,029.0	2,088.0
OPERATING INCOME (LOSS)	85.0	(30.0)	(29.0)	(28.0)
NON-OPERATING REVENUES (EXPENSES)	0.0	0.0	0.0	0.0
NET INCOME (LOSS)	85.0	(30.0)	(29.0)	(28.0)
BEGINNING RETAINED EARNINGS	439.0	400.0	370.0	341.0
PRIOR PERIOD ADJUSTMENT	(124.0)	0.0	0.0	0.0
ENDING RETAINED EARNINGS	400.0	370.0	341.0	313.0
RATE INCREASE/(DECREASE):	0.00%	0.00%	0.00%	0.00%
FTE	15.65	16.5	16.5	16.5
Expenditure Reconciliation to BBS				
Operating Expenses			2,029.0	2,088.0
Less amortization & depreciation (non cash)			0.0	0.0
Total cash payments			2,029.0	2,088.0
BBS Amounts - Financing by Fund				
Management Analysis			2,029	2,088
Receipt Reconciliation to BBS				
Net Revenues			2,000.0	2,060.0
Interest Income from Non operating revenue/expenses			0.0	0.0
Total cash receipts			2,000.0	2,060.0
BBS Amounts - Revenue Collected				
Management Analysis			2,000	2,060

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: MANAGEMENT ANALYSIS & DEVLPMNT

Narrative

	ACTUAL FY 2010	ESTIMATED FY 2011
ASSETS:		
CURRENT ASSETS:		
CASH	404.0	381.0
OTHER CURRENT ASSETS	244.0	239.0
TOTAL CURRENT ASSETS	648.0	620.0
NON-CURRENT ASSETS:		
TOTAL ASSETS	648.0	620.0
LIABILITIES & FUND EQUITY:		
LIABILITIES:		
CURRENT LIABILITIES:		
DUE GENERAL FUND - CURRENT	0.0	0.0
MASTER LEASE - CURRENT	0.0	0.0
OTHER CURRENT LIABILITIES	109.0	110.0
TOTAL CURRENT LIABILITIES	109.0	110.0
NON-CURRENT LIABILITIES:		
DUE GENERAL FUND - NON-CURRENT	0.0	0.0
MASTER LEASE - NON-CURRENT	0.0	0.0
OTHER NON-CURRENT LIABILITIES	139.0	140.0
TOTAL NON-CURRENT LIABILITIES	139.0	140.0
TOTAL LIABILITIES	248.0	250.0
FUND EQUITY:		
CONTRIBUTED CAPITAL-GENERAL FUND	0.0	0.0
RETAINED EARNINGS	400.0	370.0
TOTAL FUND EQUITY	400.0	370.0
TOTAL LIABILITIES & FUND EQUITY	648.0	620.0

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: MANAGEMENT ANALYSIS & DEVLPMNT

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	310	300	373	323	696
Statutory Appropriations					
Management Analysis	1,678	1,972	2,029	2,088	4,117
Total	1,988	2,272	2,402	2,411	4,813
<u>Expenditures by Category</u>					
Total Compensation	1,269	1,548	1,645	1,642	3,287
Other Operating Expenses	719	724	757	769	1,526
Total	1,988	2,272	2,402	2,411	4,813
Full-Time Equivalents (FTE)	14.0	16.0	16.0	16.0	

Activity at a Glance

- Directs statewide human resource policy that serves all state agency human resource personnel, managers and supervisors in all executive branch agencies.
- Guides, monitors and ensures gender-based pay equity system for hundreds of units of local government.
- Impacts information access and learning opportunities to more than 30,000 state employees and manages jobseeker employment application system.

Activity Description

The Human Resources Management (HRM) section provides leadership and strategic direction in the recruitment, hiring and retention of the state's human capital so that the state has a skilled, effective workforce. This includes providing infrastructure support and policy frameworks in staffing, compensation, workforce planning, employee development, pay equity and diversity; as well as technical administration of various human resources systems.

Population Served

HRM provides the foundational statewide human resource policy framework, human resource information systems and other human resource infrastructure services to serve state employees, state agencies, individuals seeking state employment, and units of local government.

Services Provided

HRM directs the state's efforts in attracting, developing and retaining the state's workforce. HRM provides services that create, administer and monitor statewide human resource programs including: classification, recruitment, assessments, selection, compensation, learning and development, pay equity, diversity, workforce planning, and human resource information systems. HRM increases capacity of agencies and individuals by providing an effective employment framework for job seekers and state employees that is free from discrimination and bias and supports the merit system, while still balancing state agencies' human resource needs. HRM also supports and provides services to agencies which do not have the resources necessary to perform human resource functions or where statewide coordination of services may be necessary.

HRM service deliverables are described as follows:

HRM Business and Policy Administration

- Create and maintain an efficient and effective system that allows for the recruitment and hiring of individuals with the appropriate skills and abilities.
- Administer an effective compensation system that allows positions to be paid based on their skill, effort and responsibility.
- Ensure compliance with federal and state requirements for state agency recruiting and hiring practices within the Americans with Disabilities Act and with veterans, minorities and people with disabilities for inclusion of a diverse workforce.
- Administer pay equity review, reporting and compliance procedures, in conjunction with local governments and jurisdictions, to ensure gender-based equity in compensation.
- Deliver enterprise wide learning and development opportunities for state agencies and employees to develop a skilled and effective workforce that can adapt to the needs of changing technologies and work environments.
- Lead enterprise and agency design and application of strategic workforce planning and reporting, which incorporates headcount planning with workforce analytics as part of a decision framework for informing organizational strategy.

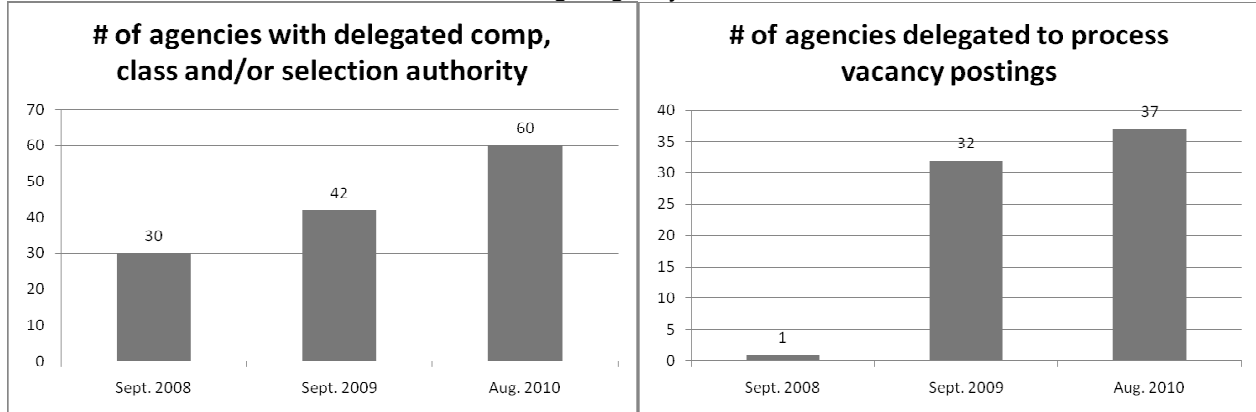
HRM Technology Systems Administration

- Manage the state's web-based applicant tracking system (Resumix), which is the state's electronic job posting and application system that links job seekers with state employment opportunities.
- Oversee administration of the human resources information system (SEMA4 HR) and provide the resources necessary to ensure consistency and data integrity through audits, instruction and end user documentation.
- Administer the Enterprise Learning Management (ELM) system, which enables users to manage, track, deliver and report on employee development and credentials via a web-based central repository that links to the SEMA4 HR information system.

Key Activity Goals & Measures

Activity goals fall under the Minnesota Milestones statewide goal #36: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. This goal is supported by the following initiatives:

- Direct and deliver services and systems that provide state agencies with a sound human resource infrastructure that leads to strategic human resource decisions. This infrastructure includes; policies, procedures, information, instruction, guidelines, auditing and monitoring.
- Increase agency involvement in HR decisions by granting delegation of authority for classification, compensation and selection decisions. Provide agencies with instruction, tools and resources to establish and maintain a consistent foundation for strategic agency decisions.



- Increase state agency capacity to deliver effective human resource programs within their agency by delivering information in classification, Pay job evaluation, selection, assessments and compensation. HRM has issued three classification selection guides, three compensation guides, a comprehensive electronic based SEMA4 transaction and audit guide, and guidance on layoffs.
- Conduct comprehensive audits of state agencies with delegated human resource authority that incorporates feedback and identifies opportunities for improvements. Audits have been conducted and communicated to eight agencies in 2008, eight agencies in 2009, and one agency in 2010 with six pending audits.
- Create opportunities for customer feedback that assess agency needs and identify statewide issues. Identify and coordinate improved services and systems that support the statewide human resource infrastructure.
- Coordinate and participate in workgroups to solicit customer feedback regarding statewide human resource program services and systems. Information is gathered through collaborative workgroups that meet monthly and address the needs of the statewide human resource system. Both formal feedback, which includes the Alliance for Cooperation and Collaboration in Employment and State Service (ACCESS) and the Human Resource Directors Partnership (HRDP), and informal feedback approaches are utilized.
- Publish state employment workforce report, analyze career families, and develop enterprise talent management strategy.
- Increase state agency capacity to effectively conduct workforce planning that links human resource needs with financial and organization goals; produce annual state workforce reports; and implement enterprise talent management strategies for attracting, developing and retaining state employees in vital roles.
- Ensure every executive branch agency has an approved affirmative action plan in place that meets legal requirements and ties to the agency’s workforce plan for human resources.

Activity Funding

This activity is funded by an appropriation from the general fund, with the exception of the employee development unit that is supported by fee revenue collected for its services in an internal service fund.

Contact

Assistant Commissioner, HRM & Employee Insurance Division

Phone: (651) 201-8008

Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: HUMAN RESOURCE MANAGEMENT

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	2,203	2,335	2,335	2,335	4,670
Statutory Appropriations					
Miscellaneous Special Revenue	99	124	86	43	129
Management Analysis	583	515	576	609	1,185
Total	2,885	2,974	2,997	2,987	5,984
<u>Expenditures by Category</u>					
Total Compensation	2,486	2,596	2,613	2,623	5,236
Other Operating Expenses	399	378	384	364	748
Total	2,885	2,974	2,997	2,987	5,984
Full-Time Equivalents (FTE)	29.2	30.6	30.6	30.6	

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: LABOR RELATIONS

Narrative

Activity at a Glance

- Serves over 33,000 of the executive branch's state employees.
- Negotiates nine collective bargaining agreements biennially, and oversees and administers two unrepresented employee plans.

Activity Description

The Labor Relations Division performs the duties assigned to the commissioner under the Public Employment Labor Relations Act (PELRA, M.S. Chapter 179A). Its primary responsibility is to negotiate and administer the collective bargaining contracts with state employee unions.

Population Served

The Labor Relations Division provides guidance on a variety of employee and labor relations topics, to human resources personnel and upper-level management of over 100 state agencies, boards, and councils. The Labor Relations division also participates in policy discussions on proposed legislation as well as specific employment related bills as they are being discussed within the executive branch and in legislative committees.

Services Provided

- Establish statewide policy for management's relationship with labor;
- Negotiate collective bargaining contracts with the labor unions representing executive branch state employees assigned to 14 bargaining units (except the faculty agreements for the Minnesota State Colleges and Universities (MnSCU));
- Implement and interpret collective bargaining agreements and advise agency management on labor contract administration;
- Advise state agency management in their ongoing relationships with the exclusive representatives for state employees;
- Provide investigative services and assistance to state agencies on allegations of employee misconduct;
- Train supervisors and managers in labor contract administration and Minnesota's code of ethics provisions;
- Represent state agency management on all grievances appealed to arbitration by exclusive representatives, including the evaluation of the merits of the grievance, and determination as to whether the grievance should be arbitrated or settled;
- Represent state agencies' positions in interest arbitration proceedings for essential bargaining units that do not have the right to strike;
- Oversee the drug and alcohol testing program as required by federal law for 2,500 state employees required to have a commercial driver's license to perform their job duties;
- Advise agency management on issues under Minnesota's code of ethics as outlined in M.S. 43A.38.

Key Activity Goals & Measures

- Reach agreement with the employee labor unions on the provisions of fiscal years 2012-2013 labor agreements within the financial parameters established by the administration and the legislature;
- Maintain stable and productive labor relations between the agencies and the unions representing state employees;
- Ensure that managers, supervisors and human resources personnel have the skills and knowledge to implement productive labor/management relations;
 - Success in settling labor contracts within the budget parameters set forth by the administration and the legislature;
 - Resolution of day-to-day labor relations issues through ongoing relationships with union leaders, officers and stewards, meet-and-confer meetings, and joint labor-management committees;
 - Provide training and information to managers, supervisors and human resources personnel on labor relations issues with the goal of reducing employee grievances and increasing workplace productivity.

The number of grievances appealed to Minnesota Management & Budget (MMB) has decreased in the last fiscal year, and Labor Relations staff has worked cooperatively with the unions to significantly increase the number of grievances settled and withdrawn. This activity has resulted in the lowest number of active grievances in six years as described in the chart below.

Grievance Status	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
New Appeals to Arbitration	382	316	301	276	354	287
Arbitrated	20	13	11	14	12	16
Settled	91	54	68	84	76	106
Withdrawn	283	219	224	245	130	345
Active at year end	486	516	514	447	430	366

Activity Funding

The activity is funded by an appropriation from the General Fund. The division also collects a small amount of fees from agencies that request training and consultation.

Contact

Assistant Commissioner, Labor Relations

Phone: (651) 259-3740 Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: LABOR RELATIONS

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	968	851	851	851	1,702
Statutory Appropriations					
Miscellaneous Special Revenue	198	305	303	302	605
Total	1,166	1,156	1,154	1,153	2,307
<u>Expenditures by Category</u>					
Total Compensation	952	832	832	832	1,664
Other Operating Expenses	214	324	322	321	643
Total	1,166	1,156	1,154	1,153	2,307
Full-Time Equivalents (FTE)	9.6	8.0	8.0	8.0	

Activity at a Glance

- Provides administrative, strategic, and technical guidance for the department
- Directly serves more than 300 employees
- Communicates department information, including the content management for nine different websites
- Coordinates emergency business continuity planning for Minnesota Management & Budget (MMB)
- Monitors state financial processes and controls

Activity Description

Agency Administration provides leadership and operational support to the department. These activities include: administrative and technical support, human resources, fiscal services, information management and communications, and agency strategic direction and leadership through the commissioner's office. The internal control and accountability unit was added in 2009 to improve internal controls throughout state government.

Population Served

The primary customers served by this activity are the staff of the department. Other customers include the governor and members of executive branch management, the legislature and its staff, state agencies, the media, and the public.

Services Provided

This activity is carried out through the work of the following units:

- **Administrative Services.** This unit is responsible for managing production of several key documents of statewide significance including the governor's budget, economic forecasts and revenue updates, and the state's Comprehensive Annual Financial Report (CAFR). Other services include addressing facility issues, conducting training on Microsoft Office Suite, and several other general support related tasks.
- **Fiscal Services.** This unit ensures that the department's financial integrity is maintained through activities such as preparing and managing the department's budget, coordinating contracting functions and the fiscal note process, managing accounts payable and receivable, auditing the department's payroll, and preparing the usage forecasts for the statewide systems the department maintains.
- **Human Resources (HR).** The agency's HR unit provides support and assistance to the department's employees and works with management to find and retain the staff needed to meet MMB's mission. It also ensures that employees obtain the terms and conditions of employment due to them, such as pay and benefits. Human Resources also maintains compliance with applicable laws and rules such as the Family and Medical Leave Act, discrimination and harassment laws, and the Immigration Reform and Control Act.
- **Information Management and Communications.** This unit manages the nine department websites by providing design and graphics, publication layout, editing, and technological assistance. The unit also coordinates the agency's business continuity planning.
- **Internal Control and Accountability.** This unit provides direction on statewide internal control policies and standards. It coordinates enterprise-wide assistance, resource sharing and training. The unit also monitors Office of Legislative Auditor reports and related action plans, and prepares biennial reports on the system of internal controls and auditing in executive branch agencies.
- **Technical Services Unit (TSU).** This unit establishes and maintains the technical infrastructure that meets the business needs of the department. It also applies security-related best practices to reduce hardware and software vulnerabilities to prevent the department's data and systems from being compromised.
- **Commissioner's Office.** This unit provides the strategic direction for the department, and works to support and link all the units in the agency.

Key Activity Goals & Measures

Activity goals fall under the Minnesota Milestone statewide goal #36: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. Minnesotans expect their state and local governments to spend money carefully and effectively.

To meet these goals the department will:

- Encourage employees to learn and further their understanding of the department's activities and state government in general

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: AGENCY ADMINISTRATION

Narrative

- Provide a useful, accurate and timely response to requests for information from other agencies, the legislature and the public
- Complete performance evaluations for all employees on a timely basis
- Continually explore and evaluate opportunities to modify and change departmental policies and processes in order to ensure that resources are used most effectively
- Coordinate the adoption of statewide internal control standards and monitor that past audit findings are corrected

Activity Funding

This activity is funded primarily through a general fund appropriation. A small portion of funding comes from insurance administrative fees for costs associated with supporting the State Employee Group Insurance Plan (SEGIP).

Contact

Deputy Commissioner

Phone: (651) 201-8011

Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE SERVICES

Activity: AGENCY ADMINISTRATION

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	3,265	3,683	1,884	1,884	3,768
Total	3,265	3,683	1,884	1,884	3,768
<u>Expenditures by Category</u>					
Total Compensation	2,226	2,547	967	967	1,934
Other Operating Expenses	1,039	1,136	917	917	1,834
Total	3,265	3,683	1,884	1,884	3,768
Full-Time Equivalents (FTE)	18.8	22.9	22.9	22.9	

Program Description

The purpose of the Statewide Insurance program is to administer employee insurance benefits for the state of Minnesota's eligible state employees, retirees, and dependents (SEGIP), and other public employees (PEIP).

Budget Activities

- State Employee Group Insurance Program (SEGIP)
- Public Employees Insurance Program (PEIP)

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Expenditures by Fund</u>					
Statutory Appropriations					
State Employees Insurance	673,551	741,622	803,084	859,804	1,662,888
Miscellaneous Agency	30,714	32,220	33,187	34,183	67,370
Total	704,265	773,842	836,271	893,987	1,730,258
<u>Expenditures by Category</u>					
Total Compensation	3,799	4,471	4,723	4,895	9,618
Other Operating Expenses	700,466	769,371	831,548	889,092	1,720,640
Total	704,265	773,842	836,271	893,987	1,730,258
<u>Expenditures by Activity</u>					
State Employee Group Ins Pgrm	682,074	738,299	798,027	852,977	1,651,004
Public Employees Insurance Pgrm	22,191	35,543	38,244	41,010	79,254
Total	704,265	773,842	836,271	893,987	1,730,258
Full-Time Equivalent (FTE)	44.8	51.6	51.6	51.6	

Activity at a Glance

- SEGIP is the largest single employer group health purchaser in the state, serving all three branches of state government, Minnesota State Colleges and Universities, and quasi-state agencies such as the Minnesota Historical Society.
- SEGIP provides employee insurance to state employees, retirees, and dependents – over 118,000 covered lives statewide.
- The overall cost of administering SEGIP health benefits is approximately 6.0% of total premium costs versus the industry standard of approximately 10%. SEGIP receives less than 1% for internal administrative costs and the remainder is health plan fees.
- SEGIP spends over \$620 million in insurance benefits for state of MN employees.
- In 2008, the Advantage program implemented a single Pharmaceutical Benefit Manager (PBM) saving \$7M.

Activity Description

The commissioner is authorized by Minnesota statute to administer the State Employee Group Insurance Plan (SEGIP). The program is managed by the Employee Insurance Division (EID) which maintains revenue and expenditure accounts for insurance benefits as well as non-operating accounts to support the programs. The revenue and expenditure accounts are primarily pass-through funds paid by agencies and employees.

Population Served

SEGIP provides benefits to eligible employees, retirees, and dependents in all three branches of state government, Minnesota State Colleges and Universities (MnSCU), and certain quasi-state agencies. This activity covers over 118,000 individuals statewide

Services Provided

SEGIP administers all its insurance benefits through a combination of its own staff and contracted vendors. SEGIP is comprised of three primary areas: Contracts and Networks, Benefits Administration, and Health Risk Management. Contracts and Networks manages SEGIP's purchasing functions by negotiating contracts with vendors

and monitoring them for compliance with collective bargaining agreements, plan contracts, and federal and state requirements. Annually, they renew contracts with each carrier including medical, dental, life and optional coverages. Every two years the unit prepares labor contract proposals for management and cost estimates for labor negotiations. During the legislative session, they provide information for legislative initiatives. The unit also manages medical and dental provider networks.

Benefits Administration is responsible for enrollment and billing services for the nearly 118,000 participants. The unit's primary task is processing transactions for the program, including the enrollment of newly eligible employees and changes to existing coverage. To accomplish this task the unit provides support for the information system insurance application and supporting software tools. This unit also hosts the annual Open Enrollment during which members are allowed to make certain changes to their benefit set.

Health Risk Management provides programs and benefits that focus on helping members achieve healthy and productive lifestyles. In doing so, the unit focuses on strategies and interventions that reduce employee absenteeism, increase employee productivity, reduce claims costs and other factors that influence plan costs within all Minnesota state agencies.

SEGIP's administrative fee, which covers the cost of its administrative operations, is assessed to state agencies and certain members who are not active employees. State agencies pay \$4.02 per employee per month while members who are not active employees pay two percent of premiums as their administration fee.

The Minnesota Advantage Health Plan is the state's employee health benefits plan serving the 118,000 members of SEGIP. The hallmark of the plan is its cost tier feature which creates new levels of competition and incentives for efficiency in the health care market. Advantage is fully self-insured meaning that the state is responsible for paying its own claims and administrative expenses. The program contracts with three health insurance carriers: BlueCross BlueShield of Minnesota, HealthPartners and PreferredOne. The state also contracts with Navitus as its pharmacy benefit manager. These four carriers are responsible for processing claims so the state does not have access to the protected health information of its employees or their dependents. The three health carriers also provide medical networks, and disease management services.

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM

Narrative

A high deductible, consumer-directed health plan was introduced in 2010 and is available for non-bargaining employees. The Advantage Consumer Driven Health Plan (ACDHP) is based on the standard Advantage plan and features a health savings account. This offering incents members to be informed consumers of health care. In 2011, the program will feature a health biometric screening program that further empowers members to take control of their health.

State agencies pay approximately 86% of the premium costs, while employees and retirees contribute approximately 11.5 %, and quasi-state agencies and their employees and retirees pay the rest. Advantage members with single coverage do not pay a premium, while members with family coverage pay a portion of the premium.

From the non-operating accounts, payments are made to third party administrators, insurance carriers, and other vendors who are under contract to pay claims and provide networks and related services. Benefit costs funded through this activity include:

- Employee insurance program: premiums contributed by agencies and employees for health, dental, life, long-term care, and long and short-term disability benefits
- Pre-tax programs: pass-through employee contributions allowing pre-tax expenditures for medical, dental, transit, and dependent care expenses

These programs are funded primarily by payments collected from state agencies, other participating groups, employees, and retirees which are then passed through to insurance carriers, third party administrators, and other vendors. In addition, the funds are used to pay employee pre-tax benefits. See the table below in the Activity Funding section for additional information.

Historical Perspective

The state of Minnesota is the largest single employer group health purchaser in the state, and it has long played an important role in benefits design, purchasing, and administration. In 1989, SEGIP helped pioneer the health care delivery and financing concept of "managed competition" among competing health plans. Beginning in FY 2000, SEGIP's health benefits program became fully self-insured. In 2002, it implemented a new employee health benefits concept known as Advantage. Advantage's use of a tiered cost structure provides signals and incentives to the health care system to contain costs and improve value, while maintaining choices, options, and access to a large network of available health care providers statewide. The MN Advantage Health Plan earned the 2004 Innovations Award by The Council of State Governments as recognition for its innovation and ability to save money while changing the health care marketplace in Minnesota.

SEGIP added optional employee long-term care insurance in 2001 and implemented a disease management function in 2003 to improve employee health and productivity while reducing claims costs. By working with its business partners, SEGIP has increased the use of technology to more efficiently process transactions and serve its customers.

In 2005 the program implemented quality provisions including Centers of Excellence for Bariatric and Cardiac services and integrated the Advantage tiering directly to Community Measurements, a leading industry evaluator of quality in the Minnesota marketplace. Other programs were implemented in 2007 to increase access to preventative services including free smoking cessation programs and drugs and a medical therapy management program to provide better access to diabetic medications and services.

SEGIP participates in the Depression Improvement Across Minnesota, Offering a New Direction (DIAMOND) project. DIAMOND changes the way depression care is delivered and paid for in Minnesota. Of those members contacted six months after being activated in DIAMOND, 43% are in remission and an additional 17% have seen at least a 50% reduction in the severity of their depression.

SEGIP has a comprehensive Employee Assistance Program (EAP) in which employees and their families have 24/7 confidential access to EAP counselors. The state's internal EAP consultants are available to provide confidential consultation to department leadership and human resource staff.

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM

Narrative

SEIGIP implemented Health Care Homes on July 1, 2010. This is a model of primary care in which primary care providers, families and patients work in partnership to improve the health and quality of life for individuals – especially those with chronic and complex conditions. Members are stratified based on the complexity of their illness burden. Ultimately, this will reduce costs in the health care system by reducing redundancies in treatment, allowing for appropriate prescribing of medication, and a coordinated treatment plan for the member.

As part of Open Enrollment, SEIGIP encourages its members to use MN Community Measurements (MNCM) to help select a health care provider. MNCM is a non-profit organization formed by all of Minnesota's health plans and the Minnesota Medical Association. Its purpose is to improve the quality of health care for Minnesota consumers by monitoring and reporting on the provider groups' performance.

SEIGIP's Worksite Wellness program (Work Well) is designed to enhance the health of state employees through a variety of programs. Some of the goals of Work Well are to modify employees' skills, knowledge and attitudes toward nutrition, physical activity, tobacco use, and stress management – the overall goal being healthier state employees.

Advantage premiums increases were 3.5% from 2008 to 2009 while the 2009 premium was 0% in 2010. The projected increase for the 2011 medical premium is 6.7%, well below the projected national increase in premiums of 9-11% for 2011.

Key Activity Goals & Measures

Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. To meet those goals, the state's SEIGIP program will be recognized as a national model for cost effective delivery of employee benefits. The state will be a demanding buyer that sets clear specifications for providers, buys selectively and holds providers accountable for value-based results.

- Cost effectiveness
 - Plan administration costs for 2011 are projected at 5.7%, well below industry norms of 10% or more
 - 2011 premiums for the advantage health plan are projected at 6.7%. Current industry estimates for 2011 are 9-11% for national programs
 - Over 99% of open enrollment activity occurs online
 - Over 69% of plan participants elect to take a health assessment. Since 70% of all health care costs are related to modifiable behaviors, strong health assessment participation presents a greater opportunity to prevent the onset of chronic disease and avoidance of acute care services.
- Accountability/performance measures for the state and providers
 - 85% of plan participants seek care from high quality/low cost providers
 - The state of Minnesota, along with six large private employers--3M, Carlson Companies, Medtronic, Wells Fargo, GE, and Honeywell--known as the Champions of Change, rewarded provider groups for meeting or exceeding a minimum standard of care for diabetics, cardiac and depression care in an effort known as Bridges to Excellence. Bridges to Excellence is a national program that provides pay for performance in health care.
- Choice/flexibility for members
 - The SEIGIP medical program makes available all provider groups within the state and surrounding communities.
 - The SEIGIP medical program implemented a medical therapy management program in 2007 which improves quality by removing financial barriers to receiving care, improving both the quality of care for the member and savings on the overall cost to the program. This program was expanded in 2010 to manage medications for employees with at least two chronic conditions taking four or more medications. There are 10,000 SEIGIP members that meet these criteria.
 - A MinuteClinic opened in the Centennial Office Building in 2006 to provide quality medical care for minor illnesses to state employees and to the public. Services are available to state employees at reduced co-pay, with no charge for preventive care.

MINNESOTA MANAGEMENT & BUDGET**Program: STATEWIDE INSURANCE PROGRAMS****Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM**

Narrative

Activity Funding

SEIGIP insurance and claims costs are funded through premiums collected from state agencies and other participating groups, and from employees and retirees. In principal, these are pass-through funds to insurance carriers, third party administrators, and other vendors. SEIGIP's administrative revenues are collected primarily through direct, per employee charges to state agencies and other groups.

The Insurance Division's non-operating revenue and expenditures are shown in the table below. Excess revenue and investment earnings for insurance and pre-tax accounts are applied to the respective program to help minimize future increases.

	FY 2010		FY 2011		FY 2012		FY 2013	
(Dollars in thousands)	Revenue	Expended	Revenue	Expended	Revenue	Expended	Revenue	Expended
Insurance Adm	\$5,843	\$5,554	\$5,855	\$6,751	\$5,855	\$7,191	\$5,855	\$7,405
Insurance Other	\$73,192	\$70,443	\$74,181	\$73,284	\$76,142	\$75,482	\$78,407	\$77,747
MN Advantage Plan	\$600,065	\$571,371	\$623,678	\$621,591	\$645,793	\$678,453	\$689,341	\$730,694
Risk Management Unit	\$0	\$644	\$0	\$1,298	\$0	\$1,337	\$0	\$1,377
Sub Total	\$679,100	\$648,012	\$703,714	\$702,924	\$727,790	\$762,463	\$773,603	\$817,223
Pre-Tax Adm	\$1,509	\$3,348	\$1,504	\$3,155	\$1,504	\$2,377	\$1,504	\$1,571
Pre-Tax Deposits	\$27,471	\$30,714	\$35,380	\$32,220	\$29,386	\$33,187	\$31,014	\$34,183
Sub Total	\$28,980	\$34,062	\$36,884	\$35,375	\$30,890	\$35,564	\$32,518	\$35,754
Total Budget Activity	\$708,080	\$682,074	\$740,598	\$738,299	\$758,680	\$798,027	\$806,121	\$852,977

Contact

SEIGIP Manager
Phone: (651) 259-3710

EID Director
Phone (651) 259-3720
Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM

Narrative

State Employees' Group Insurance Program (SEGIP)								
Self funded Medical Plans - Plan Year Basis								
2004 to 2010 Plan Years								
Report Date - November 2010								
(SEGIP2010 Audit IS Report)	Actual	Actual	Actual	Actual	Actual	Actual	Actual	(A) Projected
	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/09	12/31/10
Income (Premiums)	409,721,979	470,917,583	475,632,616	530,671,700	570,711,698	596,965,546	599,867,712	
Expenditures								
Claims Paid & Incurred	362,768,653	397,397,129	435,354,910	470,800,913	487,647,098	523,266,630	561,210,158	
Claims Paid & Incurred as % of Premiums	89%	84%	92%	89%	85%	88%	94%	
Admin & Reinsurance (Paid to Carriers)	27,874,333	29,402,553	30,923,152	30,340,823	33,664,288	30,517,856	30,840,104	
(Includes Risk Mgt Programs)								
Admin & Rein. As % of Prem.	6.8%	6.2%	6.5%	5.7%	5.9%	5.1%	5.1%	
Gain or (Loss)	19,078,993	44,117,901	9,354,554	29,529,964	49,400,312	43,181,060	7,817,450	
Gain (Loss) as % of Prem.	4.7%	9.4%	2.0%	5.6%	8.7%	7.2%	1.3%	
Other Expenses, Settlements, and Adjustments								
Employee Health Account					(16,318,750)	0	(9,500,000)	
Consulting, EAP and Other Costs	(876,182)	(955,888)	(858,284)	(1,025,155)	(432,814)	(424,841)	(1,100,000)	
Federal Liability on Fund Transfers	(1,500,000)	(3,100,000)		(446,628)				
Prior years - Settlements Received (Paid)	767,291	0	3,069,534	(6,223,149)	4,260,598	(569,263)	(2,200,000)	
Premium Holiday			(19,902,735)					
Total - Other	<u>(1,608,891)</u>	<u>(4,055,888)</u>	<u>(17,691,485)</u>	<u>(7,694,932)</u>	<u>(12,490,966)</u>	<u>(994,104)</u>	<u>(12,800,000)</u>	
Adjusted Gain or Loss Before Interest Income	17,470,102	40,062,013	(8,336,931)	21,835,032	36,909,346	42,186,956	(4,982,550)	
Adj. Gain (Loss) as % of Prem.	4.3%	8.5%	-1.8%	4.1%	6.5%	7.1%	-0.8%	
Interest Income	1,980,735	4,591,227	7,489,989	8,905,293	8,092,692	5,178,986	3,800,000	
Gain or Loss After Interest Income	<u>19,450,837</u>	<u>44,653,240</u>	<u>(846,942)</u>	<u>30,740,325</u>	<u>45,002,038</u>	<u>47,365,942</u>	<u>(1,182,550)</u>	
Funds Received (Transferred To) General Fund		(23,000,000)						
Contingency Reserves - End of Plan Year	<u>70,637,965</u>	<u>92,291,205</u>	<u>91,444,263</u>	<u>122,184,588</u>	<u>167,186,626</u>	<u>214,552,568</u>	<u>213,370,018</u>	
Contingency Reserves as % of Annual Expenses	<u>18.1%</u>	<u>21.6%</u>	<u>19.6%</u>	<u>24.4%</u>	<u>32.1%</u>	<u>38.7%</u>	<u>36.0%</u>	
(A) - Actual results for 6 months ending 06/30/10, and Projected results for the 6 months ending 12/31/10.								
Note: The above Income Statement(s) have not been Independently Audited.								

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM

Narrative

State Employees' Group Insurance Program (SEGIP) Self funded Medical Plans - Plan Year Basis

Definitions

(SEGIP2010Audit IS Report)

Income (Premiums)

Total Premiums received from Employees (Current and Retirees) and Agencies (including quasi- state agencies).

Exception - Reported Premiums also include uncollected premiums related to "Premium Holiday." (See 2006 Plan Year). The uncollected premium is reflected as an Adjustment on the Financial Statement. This method is used to provide a more accurate comparison of Premiums from one plan year to the next. (Per Member Per Month, PMPM, and percent change from prior Plan Year).

Claims Paid & Incurred

Claims incurred (medical visit occurred) during the 12 month period ending on December 31st and which have been, or will be, paid by the state. (Does not include employee cost sharing provisions.)

Depending on when the Financial Statement is prepared an estimate of incurred claims that have not yet been paid by the state needs to be included. (At 6/30/10, unpaid claims were estimated to be \$42.2 million.)

As accurately as possible, we are trying to compare 12 months of medical premiums, with the same 12 months of medical claims.

Claims Paid & Incurred as % of Premiums

This percentage illustrates the percentage of Premiums, from one Plan Year to the next, used to pay medical claims.

A percentage of 93% means 93% of premiums pays for claims and 7% of the premium pays for

Administration, Reinsurance, and any needed increase in the Contingency Reserve.

Admin & Reinsurance (Paid to Carriers)

Payments made to the Carriers/Plan Administrators to manage the health care needs and administrative costs of employees. (Carriers include Blue Cross Blue Shield of Minnesota, HealthPartners, Preferred One and Navitus).

The state purchases Aggregate Stop Loss Insurance, which provides the state financial protection if total claims exceed a certain threshold. The premium is less than \$150,000 per year.

The Admin Fees to carriers is paid from premiums. A separate admin fee of \$8.02 per employee per month is collected by SEGIP to fund internal MMB admin costs. This fee is used to support the administration of SEGIP benefits (medical, dental, LTD, STD, life) and is not specific to Medical. This administration fee has not increased since 1998.

Admin & Rein. As % of Prem.

This percentage illustrates what percentage of Premiums, from one Plan Year to the next, is used to pay Admin and Reinsurance costs.

Gain or (Loss)

Reflects the difference between Premiums collected by the state, and what was spent by the state for Medical claims and Admin/Reinsurance cost. (Premiums - claims - admin fees.)

Gain (Loss) as % of Prem.

This percentage illustrates, as a percentage of Premiums, what the state "made" or "lost," during the Plan Year.

MINNESOTA MANAGEMENT & BUDGET

Program: STATEWIDE INSURANCE PROGRAMS

Activity: STATE EMPLOYEE GROUP INSURANCE PROGRAM

Narrative

While the "needed" percentage varies between Plan Years, 1% could be used as a benchmark, as the needed revenue to maintain the proper contingency reserve.

Other Expenses, Settlements, and Adjustments

Employee Health Account: the 2008 \$250 HRA offered to all employees of the MN Advantage Health Plan, and the 2010 \$125 HRA were intended to offset reserves and reward members for seeking high quality/low cost care.

"Consulting, EAP and Other Costs" included in the 2009 Plan Year:

Bridges to Excellence Programs (Diabetes / Cardiovascular)	165,435
Cost of Maintaining the Data Warehouse (Deloitte)	208,655
Cost of Maintaining Centennial Office Building MinuteClinic	50,751
	<u>\$424,841</u>

Federal Penalty on General Fund Transfers: Penalty incurred as a result of legislative action transferring SEGIP funds to the General Fund.

Prior years - Settlements Received (Paid): Yearly process by where program incentives and record keeping are finalized between the program and plan administrators.

Premium Holiday: Uncollected premium to reduce contingency reserve.

Interest Income

Interest earned on accounts through the State Board of Investments (SBI). Primarily money invested from the contingency reserve.

Funds Received (Transferred To) General Fund

Funds taken from SEGIP medical program and transferred to general funds. Federal penalties were also incurred at about 14%, and reflected in the Federal Penalty on General Fund Transfer under "Other Expenses".

Contingency Reserves as % of Annual Expenses

Often referred to as Reserves. This figure is a percentage of Contingency Reserves compared to Claims Paid & Incurred plus Admin & Reinsurance (Paid to Carriers).

Example of Fiscal year vs. Calendar year			
Gain or Loss - Self funded Medical Program (Does not reflect General Fund Transfers)			
	Fiscal Year	Plan Year	
	Ending	Ending	
Year	June 30th	December 31st	
2004	4,789,770	19,450,837	
2005	29,897,231	44,653,240	
2006	38,728,349	(846,942)	
2007	(1,328,709)	30,740,325	
2008	55,575,834	45,002,038	
2009	34,340,791	47,365,942	
2010	30,848,874	(1,182,550)	
		(June '10 projections)	
Total	192,852,140	185,182,890	

MINNESOTA MANAGEMENT & BUDGET
Program: STATEWIDE INSURANCE PROGRAMS
Activity: STATE EMPLOYEE GROUP INS PGRM

Budget Activity Summary

	<i>Dollars in Thousands</i>		<i>Dollars in Thousands</i>		<i>Biennium 2012-13</i>
	<i>Current FY2010</i>	<i>Current FY2011</i>	<i>Governor's Recomm. FY2012</i>	<i>Governor's Recomm. FY2013</i>	
<i>Expenditures by Fund</i>					
<i>Statutory Appropriations</i>					
State Employees Insurance	651,360	706,079	764,840	818,794	1,583,634
Miscellaneous Agency	30,714	32,220	33,187	34,183	67,370
Total	682,074	738,299	798,027	852,977	1,651,004
<i>Expenditures by Category</i>					
Total Compensation	3,650	4,248	4,490	4,653	9,143
Other Operating Expenses	678,424	734,051	793,537	848,324	1,641,861
Total	682,074	738,299	798,027	852,977	1,651,004
<i>Full-Time Equivalents (FTE)</i>	43.3	49.0	49.0	49.0	

Activity at a Glance

- 62 public employer groups, representing more than 11,000 employees, solicited bids from the Public Employees Insurance Program (PEIP) during FY 2010.
- As of July 2010, 67 public sector employer groups in Minnesota participated in PEIP. These include 21 school districts, 32 cities and townships, two counties, and 12 other units of government (watershed districts, Housing Redevelopment Authorities, etc.).
- The average number of employees per group is 48, with groups ranging from one to more than 1,400.

Activity Description

The Public Employees Insurance Program (PEIP) is a statewide health, dental, and life insurance pool and is offered to local units of government. The program is defined in M.S. 43A.316 and provides Minnesota's public employers with the option to purchase an affordable, uniform package of health care and other benefits for employees, their dependents, and retirees. The Employee Insurance Division (EID) manages the program.

Population Served

PEIP is available to local units of government within Minnesota including counties, cities, townships, school districts, and other jurisdictions.

Services Provided

The availability of PEIP helps public sector employers obtain competitive health insurance rates. PEIP offers prospective groups a "snapshot" of their current health plan risk which helps public employers to assess various bids in the marketplace. While PEIP may not always be the successful bidder, it helps local units of government negotiate with other carriers and helps to facilitate discussions on how to deliver the best possible products to employees for the right price. In addition, PEIP offers public sector employers and their employees a choice of health plans wherever possible, which is unlike the majority of employers in the state that contract with a single carrier or health plan for health insurance.

Historical Perspective

PEIP was launched in 1989. In 1998, PEIP experienced a downturn in enrollment when the program was no longer perceived as being competitive in the market. This was addressed by altering the program design from a fully-insured model to a self-insured model. After peaking in FY 2001, membership declined as premium rates increased to meet anticipated claims and costs. In an effort to continue to meet market demands and best serve Minnesota's public employers, MMB developed the PEIP Advantage Health Plan, patterned after the highly successful Minnesota Advantage Health Plan provided to state employees. The introduction of PEIP Advantage has provided public employers with a high quality, cost effective program that can be tailored to suit their specific needs.

Key Activity Goals & Measures

Activity goals fall under the Minnesota Milestones statewide goal #36: Government in Minnesota will be cost-efficient, and services will be designed to meet the needs of the people who use them. To meet those goals, local units of government in Minnesota will be provided with the opportunity to participate in a statewide pool of employee health, dental and life insurance benefits for their employees and dependents. The PEIP will leverage the buying power of the State of Minnesota's SEGIP, otherwise unavailable to smaller local units of government.

- In 2007, the program implemented PEIP Advantage, modeled after the Minnesota Advantage Health Plan offered to state employees. Approximately 86% of PEIP's membership is enrolled in PEIP Advantage.
- PEIP provided 62 local units of government and their 11,000 employees with quotes for coverage during FY 2010. While only 12 of these resulted in the group joining PEIP, the remaining employer groups were provided with an assessment of their anticipated insurance costs, helping them in negotiations with their employee groups and other potential carriers.
- PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates. At present, approximately 8,500 employees, retirees and dependents are covered under PEIP.

MINNESOTA MANAGEMENT & BUDGET**Program: STATEWIDE INSURANCE PROGRAMS****Activity: PUBLIC EMPLOYEES INSURANCE PGRM**

Narrative

This table shows numbers of participating groups and employees for the past eight years:

PEIP	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
# of groups	137	123	107	89	85	73	57	67
change vs. previous year	0%	(10%)	(13%)	(17%)	(4%)	(14%)	(22%)	17%
# of employees	3,632	2,950	2,304	1,671	1,600	1,400	1,257	3,258
change vs. previous year	(7%)	(19%)	(22%)	(27%)	(4%)	(12%)	(10%)	159%

Activity Funding

PEIP is funded by employer group premiums. Premiums collected in excess of expenses are used to minimize the rates charged to employer groups. Premium investment income is used to offset administrative expenses.

PEIP's revenue and expenditures are shown in the table below.

	FY 2010		FY 2011		FY 2012		FY 2013	
(Dollars in thousands)	Revenue	Expended	Revenue	Expended	Revenue	Expended	Revenue	Expended
PEIP Adm (Fund 551)	\$511	\$513	\$545	\$543	\$684	\$684	\$694	\$694
PEIP Plan	\$24,749	\$21,678	\$35,000	\$35,000	\$37,560	\$37,560	\$40,316	\$40,316
Total Budget Activity	\$25,260	\$22,191	\$35,545	\$35,543	\$38,244	\$38,244	\$41,010	\$41,010

Contact

PEIP Manager
Phone: (651) 259-3747

EID Director
Phone: (651) 259-3720
Web site: <http://www.mmb.state.mn.us>

MINNESOTA MANAGEMENT & BUDGET
Program: STATEWIDE INSURANCE PROGRAMS
 Activity: PUBLIC EMPLOYEES INSURANCE PGRM

Budget Activity Summary

<i>Dollars in Thousands</i>					
	Current		Governor's Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Statutory Appropriations					
State Employees Insurance	22,191	35,543	38,244	41,010	79,254
Total	22,191	35,543	38,244	41,010	79,254
<u>Expenditures by Category</u>					
Total Compensation	149	223	233	242	475
Other Operating Expenses	22,042	35,320	38,011	40,768	78,779
Total	22,191	35,543	38,244	41,010	79,254
Full-Time Equivalents (FTE)	1.5	2.6	2.6	2.6	

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	46	40	40	40	80
Total Non-Dedicated Receipts	46	40	40	40	80
<u>Dedicated Receipts:</u>					
Departmental Earnings (Inter-Agency):					
State Employees Insurance	6,799	6,686	6,686	6,686	13,372
Management Analysis	1,812	1,942	2,000	2,060	4,060
Departmental Earnings:					
Miscellaneous Special Revenue	4	4	4	4	8
State Employees Insurance	811	797	936	946	1,882
Other Revenues:					
Miscellaneous Special Revenue	7,993	7,398	7,399	7,399	14,798
State Employees Insurance	6,418	4,558	4,094	3,694	7,788
Management Analysis	540	586	592	595	1,187
Other Sources:					
Building	65,800	0	0	0	0
State Employees Insurance	691,841	728,722	755,822	804,791	1,560,613
Miscellaneous Agency	27,471	35,380	29,386	31,014	60,400
Total Dedicated Receipts	809,489	786,073	806,919	857,189	1,664,108
Agency Total Revenue	809,535	786,113	806,959	857,229	1,664,188

	PAGE
Agency Profile	2
Agency Change Items	
⇒ Cash Flow Account Temporary Reduction	4
⇒ Increase Maximum Budget Reserve.....	5
⇒ Repeal Of Land Sales Requirement	6
⇒ Use Of General Obligation Bond Premium	7
⇒ Designates that this item is a change item	

By statute, Minnesota Management & Budget manages several special statewide accounts that are not a part of its day-to-day operations. These responsibilities include the statutory requirement to receive the state's share of various monies collected by the counties and judicial districts as fees, fines, assessments and surcharges. As a group, these accounts are referred to as non-operating accounts. These accounts deal with a broad range of subjects, including local pensions, debt service, tort claims and general contingency accounts. The non-operating account also serves as a pass through for federal funding for payments in lieu of taxes to local units of government where national forests are located.

These accounts are not included in the agency wide financial summary presented earlier.

Core Functions

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session. With the approval of the governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget.

FUND (Dollars in Thousands)	FY 2010		FY 2011	FY 2012-13
	Appr.	Spent	Appr.	Rec. Appr.
General Fund (100)	500	0	500	500
State Government Misc. (170)	400	0	400	400
State Airports (220)	50	0	50	50
Trunk Highway (270)	200	0	200	200
Highway User Tax Distribution (280)	125	0	125	125
Workers Compensation (320)	100	0	100	100
Total All Funds	1,375	0	1,375	1,375

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in M.S. 3.736, subd. 7, "a state agency, including an entity defined as part of the state in Section 3.732, subd. 1, incurring a tort claim judgment or settlement obligation shall seek approval to make payment by submitting a written request to the commissioner of Minnesota Management & Budget. If the commissioner of Minnesota Management & Budget determines that the agency has sufficient money in its appropriation accounts, the claim will be paid from these accounts. Otherwise, the payment will be made from the appropriation made to the commissioner of Minnesota Management & Budget for tort claim payments.

FUND (Dollars in Thousands)	FY 2010		FY 2011	FY 2012-13
	Appr.	Spent	Appr.	Rec. Appr.
General Fund (100)	161	0	161	161
Trunk Highway (270)	600	311	600	600
Total All Funds	761	311	761	761

Additional funding was appropriated to MMB in Minnesota Laws of 2008, Chapter 288, Section 6, for I-35W bridge special compensation payments. The following table summarizes the activity to date in these appropriations.

Appropriation Name	Appropriation Amount	Amount Expended Through 11/30/10
Compensation to Survivors	\$24,000,000	\$24,000,000
Supplement Payments	\$12,640,000	\$12,640,000
Administrative Expenses	\$ 750,000	\$ 750,000
Special Master Panel Services \$624,999		
Special Master Expenses/Staff Costs \$118,920		
Administrative Costs - Printing, Website, Communications, Postage and Supplies \$ 6,081		
Total \$750,000		
Waite House/Pillsbury United Communities	\$ 610,000	\$ 610,000
TOTALS	\$38,000,000	\$38,000,000

Indirect Costs: Under M.S. 16A.127, state agency operating activities with non-General Funds (primarily federal) are obligated to prepare an agency wide cost allocation plan and submit it to their appropriate federal agency for approval. This plan must include agency indirect costs, which are administrative support costs that are not directly charged to a specific program. Agencies are required to reimburse the General Fund for any portion of these costs that were originally funded by the General Fund and that were used to support non-General Fund activities. In addition, these non-General Fund activities also rely on support from some of the centralized statewide systems financed by the General Fund. The non-General Fund activities must also reimburse the General Fund for these statewide indirect costs. The commissioner of MMB prepares a plan each year that identifies the sources and amounts of each agency’s statewide indirect costs. The commissioner submits this plan to the appropriate federal agency for approval, and notifies the governor and legislature. The commissioner also records all of the agency and statewide indirect cost reimbursements to the General Fund.

Debt Service: This account pays principal and interest on the state’s general obligation long-term debt. On December 1 of each year, the commissioner of Minnesota Management & Budget (MMB) must transfer to the Debt Service Fund an amount sufficient (with balance on hand and interest income) to pay all principal and interest on bonds due in the following 19 months. The Minnesota Constitution requires the state auditor to annually levy a statewide property tax sufficient to pay debt service through this 19-month period if sufficient funds are not available. Historically, the legislature has made specific debt service appropriations to the commissioner of MMB in order to eliminate the need for levying the statewide property tax. Debt service appropriations are broken down into two categories: existing debt and new issues.

(Dollars in Thousands)

	Actual FY2010	Projected FY2011	Projected (Gov Rec) FY2012	Projected (Gov Rec) FY2013
<i>Outstanding Debt</i>				
Total	4,961,875	5,480,935	5,773,246	6,032,631
General Fund Debt Service Appropriation				
Existing Bond Authorizations	429,123	401,265	563,594	516,174
New Bond Authorizations	<u>0</u>	<u>0</u>	<u>7,681</u>	<u>62,057</u>
Total	429,123	401,265	571,275	578,231

Contact

For additional information contact:
 Minnesota Management & Budget
 400 Centennial Office Building
 658 Cedar Street
 Saint Paul, Minnesota 55155
 Web site: www.mmb.state.mn.us

MINNESOTA MANAGEMENT & BUDGET

Change Item: Cash Flow Account Temporary Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(136,000)	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(136,000)	\$0	\$0	\$0

Recommendation

The Governor recommends temporarily reducing the balance in the General Fund cash flow account by \$136 million as part of the FY 2012-13 budget solution. This will leave a balance of \$130 million in the cash flow account at the end of FY 2012.

Rationale

M.S. 16A.152 establishes a cash flow account to help the state meet cash flow deficiencies resulting from the uneven distribution of revenue collections to the state and payments the state is required to make. The current forecasted \$399 million budgetary balance for FY 2011, coupled with an improvement in daily cash flow projections, including administrative actions, indicate the state will have sufficient cash balances to avoid payment disruptions through the remaining months of FY 2011. This would allow a temporary reduction in the amount reserved in the cash flow account.

The Governor supports the current mechanism for restoring the cash flow account under M.S. 16A.152. This mechanism would allocate any future forecast balance in FY 2012-13 to restoring the cash flow account to \$350 million. Additionally, in the event the February 2011 forecast results in an improvement in the FY 2011-13 outlook, the Governor has identified as a priority restoring the cash flow account to its statutory maximum amount of \$350 million in FY 2012.

Statutory Change: None.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Increase Maximum Budget Reserve

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$0	\$0	\$0	\$0

Recommendation

The Governor recommends increasing the state budget maximum reserve level in M.S. 16A.152, subdivision 2, from \$653 million to 4.1% of biennial resources. Given the state's current budget deficit, the Governor does not recommend immediately increasing the budget reserve to this level; rather, this would become the goal for full funding of the reserve when budget conditions improve. This recommendation is in line with the work of the recent Budget Trends Study Commission and will help to maintain the structural balance of the state's budget.

Rationale

The state has two distinct General Fund reserve accounts, for which maximum levels for are set in Minnesota Statutes 16A.152. The largest is the \$653 million budget reserve account, sometimes referred to as the "rainy day fund." A separate cash flow account of \$350 million is designed to offset potential cash shortages caused by the mismatch of monthly revenue collections and expenditure payments.

At the current level of \$653 million, the maximum budget reserve represents approximately 1.8% of proposed FY 2012-13 biennial resources. Nationally, 5% of *annual* spending is generally regarded as a prudent level of rainy day funds for state budgets. The state's Council of Economic Advisers has consistently recommended that policymakers consider establishing a reserve as high as 5% of *biennial* revenues as a conservative cushion against economic downturns and unanticipated budget shortfalls. The recent Budget Trends Study Commission found that the state's budget reserve ceiling is not high enough to adequately manage the underlying risks in our volatile tax system. The Budget Trends Study Commission recommended a budget reserve based on 2.9 to 3.3% of resources for two consecutive biennia, an even higher threshold than 4.1% of biennial resources, which was another option provided in the report.

The budget reserve was depleted in the 2008 legislative session to solve a budget shortfall and remained close to zero in the November 2010 forecast. Based on the Governor's proposed \$36.572 billion budget for FY 2012-2013, the new goal for full funding of the budget reserve would be approximately \$1.5 billion, an increase of \$847 million over the current statutory maximum of \$653 million.

Currently, M.S. 16A.152 subdivision 2, allocates any forecast surplus revenues to first replenish the cash flow account and budget reserve up to the statutory maximum levels before repaying accounting shifts and becoming available for spending by the Governor and legislature. The Governor recommends that this statutory language be changed so forecast surplus revenue would be allocated in the following manner:

1. Replenish the cash flow account up to \$350 million.
2. Replenish the budget reserve up to \$653 million.
3. Any additional forecast surplus revenue allocated 50% to school aid repayment and 50% to meeting a new budget reserve maximum of 4.1% of biennial resources.
4. Additional forecast surplus allocated to other priorities as outlined in M.S. 16A.152, subdivision 2.

Statutory Change: M.S. 16A.152, subdivisions 1 and 2.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Repeal of Land Sales Requirement

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$0	\$0
Revenues	(2,135)	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(2,135)	\$0	\$0	\$0

Recommendation

The Governor recommends repealing the land sales requirement from 2005, which included a requirement to reduce agency operating budgets if proceeds from land sales are less than \$6.44 million. This initiative reduces general fund revenue in FY 2011 by \$2.135 million, the amount of the targeted sales revenue that has not been realized.

Rationale

The requirement to identify and sell at least \$6.44 million of state-owned land was originally enacted in Laws of 2005, Chapter 156, Article 2, Section 45. This initiative is proposed because the deadline for selling land has been extended twice since then and the targeted sales have not been realized. These are significant factors affecting the feasibility of selling state-owned land and its reduced value in the current real estate market. Further, the state generally does not own land that has commercial or residential value.

The initiative also proposes to eliminate the requirement to allocate the remaining targeted amount as reductions to operating budgets of agencies. This requirement is difficult to implement at the end of a biennium and gives no opportunity for citizens and other stakeholders to comment on the specific agency reductions. Another reason for eliminating the requirement is that land holdings are concentrated in a small number of agencies, so these few agencies would receive significant budget reductions. For example, allocating operating reductions based on acreage would result in an operating reduction in excess of \$2 million to the Department of Natural Resources.

This initiative would need an effective date before June 30, 2011, because that is the date sales or operating reductions are to be recognized.

Statutory Change: Laws of 2009, Chapter 37, Article 1, Section 59.

MINNESOTA MANAGEMENT & BUDGET

Change Item: Use of General Obligation Bond Premium

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$0	\$0	\$4,797	\$2,768
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	4,797	2,768
Net Fiscal Impact	\$0	\$0	\$4,797	\$2,768

Recommendation

The Governor recommends a change to MS 16A.641, subdivision 7, to provide that premiums received on the sale of bonds may be used to reduce the principal amount of the bonds issued. This is a common practice elsewhere that, if adopted, would ensure that the state does not borrow more than it needs to.

Rationale

This initiative changes how the state treats premiums offered by bond buyers. When interest rates are low, bond buyers pay the state a premium at the time of sale to reduce the long-term cost or interest expense of the bonds. Currently, the state is required to deposit the premium in the debt service fund and is used to defray the cost of repaying the bonds in the first year of debt payments.

Under this proposal, the state would have the option to deposit the premium into the bond proceeds fund to reduce the total amount of bonds sold. Depending on bond market conditions, premiums could be deposited to either the bond proceeds fund to reduce the principal amount of the bonds issued or to the state bond fund to be used to reduce the debt service transfer requirement.

Providing flexibility in how bond premiums are treated costs the state in the short run, but significantly reduces debt service cost in the long run. The initial cost of debt service would not be artificially reduced because receipt of the premium would not be used to offset the general fund transfer to the debt service fund in those years. Over time, the proposal reduces debt service costs because the total amount of bonds sold would be less, reducing interest owed over the life of the bonds. Allowing the proposal's options for the treatment of the premium also would increase the marketability of state general obligation bonds.

This initiative would be implemented after FY 2013 and would increase costs by about \$7.6 million in the FY 2014-15 biennium.

Statutory Change: M.S. 16A.641.

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Change Summary	7
Agency Change Items	
⇒ Addition Of Trial Placement Option.....	8
⇒ Nutrition Services Shifted To Contract.....	9
Programs	
Resendtl Academies/Deaf & Blind	10
Program Summary	11
Budget Activities	
Academy For The Deaf	12
Academy For The Blind.....	15
Budget Activity Summary	
Agency Revenue Summary Fiscal Page	18
⇒ Designates that this item is a change item	

Agency Purpose

The mission of the Minnesota State Academies (MSA) is to provide the highest level of self-sufficiency possible for deaf/hard of hearing and blind/visually impaired students in the state of Minnesota. Established in 1858, the MSA are statewide public schools that provide education and related services to students ages 0-21, who are blind, visually impaired, deaf or hard of hearing, including those with multiple disabilities. The MSA are composed of two separate and unique schools – the Minnesota State Academy for the Blind (MSAB), and Minnesota State Academy for the Deaf (MSAD). Federal law mandates that services provided by the MSA meet the student’s need for a Free and Appropriate Public Education (FAPE) within the least restrictive environment.

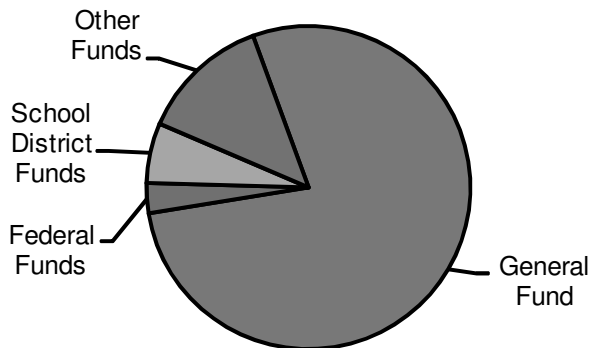
The decision to attend the MSA during the school year is made by an Individualized Educational Planning (IEP) team which includes the parent, the district of residence and MSA staff. For a student to enroll, the IEP team must decide that MSA provides the most appropriate placement. Students may also attend MSA to obtain social skills or for short-term skill development (for more information, refer to M.S. 125A.69 Admission Standards).

At A Glance

The Minnesota State Academies (MSA) is a state agency made up of two unique schools serving deaf and/or blind students. MSA serves as a resource to families, school districts and educators throughout Minnesota and the Midwest region. Specifically, students are served as follows:

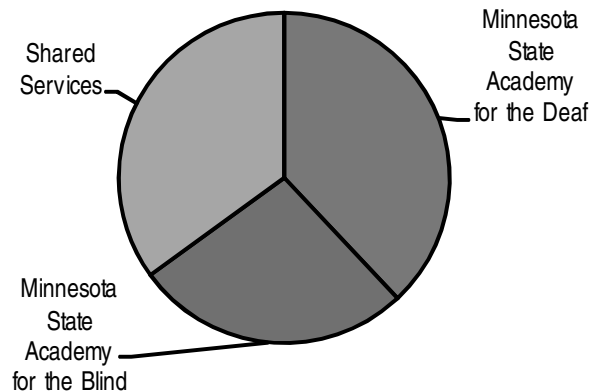
- ages 0-21 who reside in the state of Minnesota or the upper Midwest;
- in a special education environment with a residential component, providing 24 hour services;
- with additional disabilities, including physical and emotional needs.

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota State Academies.

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting and Procurement System.

Strategies

MSA has reviewed its mission, vision and beliefs, developed a strategic plan to guide its improvement and is currently working on updating its facilities master plan (the Academies share a common mission to educate students who are blind/visually impaired or deaf/hard of hearing to their greatest potential. While the mission is a common one, the strategies to accomplish that mission are unique to each school). See link for details: <http://www.msa.state.mn.us/About/mission.asp>.

The decision to enroll at MSAD is not an easy one for parents and/or school districts to make. Research indicates that if there is early identification of deafness (now a reality due to Minnesota's newborn infant screening) and early language acquisition, children can avoid becoming delayed language learners. With specialized services by appropriately trained staff, students can develop the tools to be successful, responsible, independent citizens. However, if students do not receive appropriate language acquisition opportunities, their educational progress and future success is diminished. In addition, the social-emotional needs of deaf/hard of hearing students are unique and real. However, children with disabilities also have the same social-emotional needs as their non-disabled peers and have the right to form an identity; have a peer group; participate in activities; develop their maximum potential; share life experiences; and feel good about who they are. These principles inform the Academies' strategies:

- provide services that would be prohibitively expensive or unavailable in public schools;
- provide direct and indirect educational services through a number of program options;
- provide academic year programs, which include pre-K-12 academics, early childhood intervention, transition, and programs for students with multiple disabilities;
- provide off-campus services in support of local school districts for non-enrolled students including specialized evaluation, direct teacher services, orientation and mobility training, and consultations;
- provide on-campus services in support of local school districts for non-enrolled students including weekend parent training programs, family and teacher visitation at the Academies to review specialized resources, short-term direct services such as basic skills testing remediation, independent living training, assistive technology training, extended school year programming and transition programs;
- help the state meet federal statutory requirements of the Individuals with Disabilities Act (IDEA);
- provide access to a direct communication environment, comprehensive services, additional resources and increased opportunities which meet the individual needs of students as mandated by their IEPs; and
- offer mainstream courses in conjunction with the Faribault Public Schools which provide access to broader curriculum choices, advanced coursework, opportunities to increase skill in working with interpreters, and integration with non-disabled peers;
- provide independent living experience and career exploration in conjunction with South Central College and State Services for the Blind; and,
- the Minnesota State Academy for the Deaf provides support for teacher preparation programs. Student teachers work under the guidance of Minnesota State Academy for the Deaf licensed professionals.

Operations

The Academies are governed by a seven member board which is appointed by the governor. The board meets six times a year and is made up of the following membership: one member with school superintendent experience, one member with special education director experience, one deaf community representative, one blind community representative, one representative from the Minnesota Department of Education, and two members of the business/finance community.

The range of services provided by the MSA in support of the agency's mission is unique and often complex when compared to most public schools, making the Academies a necessary option for school districts. The MSA have provided educational services to deaf and blind students for more than 140 years. Historically, the MSA were the only educational options available to deaf or blind students. If students were deaf or blind it was assumed that they would attend the MSA. Today most deaf or blind students attend school in their local community and the Minnesota State Academies are viewed as an extension of the school district. The Minnesota State Academies is a state agency that functions under the leadership of the Academies Administrator. Each special school operates under the direction of a director who is a specialist with expertise in its disability area (blindness at the Minnesota State Academy for the Blind and deafness at the Minnesota State Academy for the Deaf).

In its daily operations, the MSA educate enrolled and short term placement students and/or support public schools to educate students to:

- develop self-esteem, social skills, leadership skills, and specialized skills like Braille or sign language;
- complete a course of study equivalent to public schools;

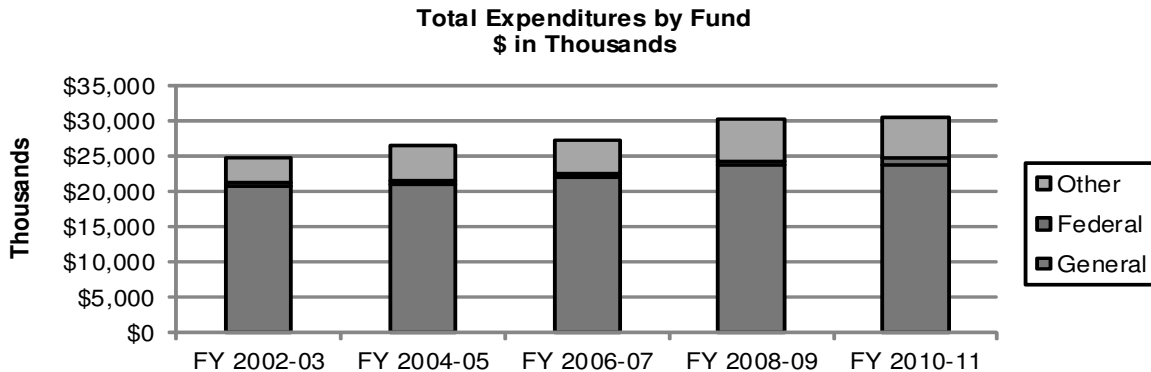
- earn a living, become integrated into the community, and/or live on their own or in supported living arrangements;
- prepare for higher education or vocational training;
- access and utilize state-of-the-art technology to prepare for employment in the 21st century;
- acquire technology skills to access information otherwise inaccessible because of their disability; and,
- prepare severely, multiply-disabled blind children for adult life.

In efforts to be fiscally responsible, we have consolidated the services that support the programming at MSAD and MSAB. These services include our health services, nutrition department, human resources, business office and maintenance department. While our schools are located on separate campuses, they are less than a mile apart within the Faribault community, and staff is able to meet the needs at both locations. RNs work in our health clinic to provide the necessary expertise needed by our complicated students. This is especially important on the MSAB campus where we have medically fragile students. Food is prepared at each site and both schools have students whose dietary needs are complicated. The human resources office and business office are located on the MSAD campus but staff spends time at MSAB on a regular basis. Some of the maintenance staff work at one school or the other, while other staff may spend time at each site. This is determined by their work responsibilities. Whenever possible, equipment is shared to reduce costs. This is also true for vehicles and buses, which are also shared.

Budget Trends

The total budget for the MSA for the 2010-11 biennium is approximately is \$30.4 million. This includes educational aides, all gifts, revolving and federal funds. MSA staff include approximately 200 full-time equivalent employees.

Of the total budget, the majority (78%) comes from direct state appropriations from the general fund. The Department of Education accounts for another 13% in the form of management aid reimbursements, tuition, and compensatory education revenue. The remainder of the budget is federal funding, student deposits, and gifts. Additionally, approximately \$1.75 million in tuition from school districts for students attending the Academies is returned to the state's general fund.



**FY2010-11 is estimated, not actual.*

Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 8/24/2010

The Academies is heavily reliant on its general fund appropriation to fund operations. It does not have levy authority and receives limited federal funding. The Academies' designation as a state agency, and not as a school district, has limited its access to federal ARRA funds targeting the education sector, including \$167 million in federal Educations Jobs funding. The financial challenges that public school districts are facing impact the Academies when attendance at the Academies is viewed as an additional cost to their budgets. The Academies' goal is to be as "cost neutral" as possible, though school districts do have to make some contributions to students' education when they attend the Academies. Another factor that impacts the Academies is how the admissions

process works. At the present time, families access enrollment at the Academies through the school district of residence. The school district must agree that placement at the Academies is an appropriate placement or the child cannot attend. Finally, there are no preparation programs for teachers of the visually impaired in the state of Minnesota. As the current staff at MSAB reaches the age of retirement, it will become exceedingly difficult to find licensed teachers of the visually impaired. We are working with professionals in the state, as well as across the country, to find solutions to this staffing dilemma.

Contact

Linda Mitchell, Superintendent
Minnesota State Academies
P.O. Box 308
615 Olof Hanson Drive
Faribault, Minnesota 55021-0308
Phone: (507) 384-6601

For additional information contact:

John Davis, MSAB Education Director
Minnesota State Academy for the Blind
400 South East 6th Avenue
Faribault, Minnesota 55021
Phone: (507)384-6701

Roxie Mitchell, MSAD Education Director
Minnesota State Academy for the Deaf
P.O. Box 308
615 Olof Hanson Drive
Faribault, Minnesota 55021-0308
Phone: (507) 384-6617

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	11,912	11,912	11,912	11,912	23,824
Recommended	11,912	11,912	11,607	11,616	23,223
Change		0	(305)	(296)	(601)
% Biennial Change from 2010-11					-2.5%
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	11,886	11,938	11,607	11,616	23,223
Statutory Appropriations					
Miscellaneous Special Revenue	2,322	3,220	2,929	3,029	5,958
Federal	369	306	310	318	628
Miscellaneous Agency	66	64	58	58	116
Gift	46	29	29	29	58
Total	14,689	15,557	14,933	15,050	29,983
<u>Expenditures by Category</u>					
Total Compensation	12,454	12,861	12,418	12,788	25,206
Other Operating Expenses	2,184	2,668	2,487	2,234	4,721
Payments To Individuals	51	28	28	28	56
Total	14,689	15,557	14,933	15,050	29,983
<u>Expenditures by Program</u>					
Resendtl Academies/Deaf&Blind	14,689	15,557	14,933	15,050	29,983
Total	14,689	15,557	14,933	15,050	29,983
Full-Time Equivalent (FTE)	179.0	169.0	168.4	168.4	

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: GENERAL				
FY 2011 Appropriations	11,912	11,912	11,912	23,824
Subtotal - Forecast Base	11,912	11,912	11,912	23,824
Change Items				
Nutrition Services Shifted to Contract	0	(309)	(309)	(618)
Addition of Trial Placement Option	0	4	13	17
Total Governor's Recommendations	11,912	11,607	11,616	23,223
Fund: MISCELLANEOUS SPECIAL REVENUE				
Planned Statutory Spending	3,220	2,929	3,029	5,958
Total Governor's Recommendations	3,220	2,929	3,029	5,958
Fund: FEDERAL				
Planned Statutory Spending	306	310	318	628
Total Governor's Recommendations	306	310	318	628
Fund: MISCELLANEOUS AGENCY				
Planned Statutory Spending	64	58	58	116
Total Governor's Recommendations	64	58	58	116
Fund: GIFT				
Planned Statutory Spending	29	29	29	58
Total Governor's Recommendations	29	29	29	58

MINN STATE ACADEMIES

Change Item: Addition of Trial Placement Option

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$4	\$13	\$26	\$26
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$4	\$13	\$26	\$26

Recommendation

The Governor recommends that a trial placement option be added to MS 125A.69 subdivision 1, which would allow parents of children who are deaf/hard-of-hearing or blind/visually-impaired to attend the Minnesota State Academies (MSA) for a trial period of 60-90 calendar days to determine whether the MSA is an appropriate placement for their child.

Rationale

In the state of Minnesota, parents may choose where their children go to school. The options available include but are not limited to public, parochial, private or charter schools as well as open enrollment options. While the Minnesota State Academies (MSA) is a resource to all of the deaf/hard-of-hearing and blind/visually-impaired children in Minnesota, at the present time, parents cannot access the MSA without the approval of their resident school district. If parents want their child to attend the MSA and the resident school district is not in agreement, the parents' only option is to contest the decision through the special education process of mediation, conciliation or more litigious steps. This trial placement language would allow a less contentious option for parents to determine if the MSA is an appropriate placement. This trial placement would also release the resident school district of their legal responsibility and place it with the MSA.

Often, students come to the Academies after being unsuccessful in a traditional school environment. MSA would like to offer this option to parents at any point in their child's education. Early language acquisition and immediate access to information has proven to make the difference in children who progress and those who fall behind.

With the addition of this language, enrollments at the MSA are projected to increase slightly. If MSA received the full amount of basic general education revenue directly from the general education appropriation, this would be revenue neutral. However, only the portion of the basic aid attributable to enrollment over 175 students is paid directly to the Academies through general education aid, based on the ratio of the May enrollment at the Academies to 175 students. The balance is funded through their direct appropriation. Because of this ratio calculation, there is not a dollar for dollar correspondence between the deductions made to the resident school districts who would otherwise be serving the student, and the amount received by the Academies. This results in a small cost to the state.

We recommend this change take place on July 1, 2011.

Key Goals and Measures

The Minnesota State Academies will monitor annual enrollments to determine the number/percentage of students who access the MSA via the trial placement option.

MINN STATE ACADEMIES

Change Item: Nutrition Services Shifted to Contract

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(309)	\$(309)	\$(309)	\$(309)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(309)	\$(309)	\$(309)	\$(309)

Recommendation

The Governor recommends a change in the manner in which nutrition services are provided at the Minnesota State Academies (MSA). This change will result in a savings to the base budget of the MSA of approximately \$309,000 while continuing to provide the same quality of service.

Rationale

The Minnesota State Academies (MSA) is a state agency made up of two special and unique schools, each with its own kitchen/dining room facilities. As special schools with a residential option, meals are provided Monday through Friday for breakfast, lunch and dinner. There are some weekends throughout the school year for special events when meals are provided on weekends. Currently the staff at the Academies prepares and serves the food for all the meals. There are three issues that have influenced this recommendation to do business differently.

These include:

- **The potential for providing the same quality of service at a lower cost.** The MSA dietician would work with the contractor to ensure that the meals and snacks served to the students would meet the nutritional needs of the students as required by the school lunch program. The MSA dietician would also work with the MSA staff who serves the meals to ensure that the food safety rules are followed and that food is kept at the proper temperature (warmed and cooled).
- **The elimination of the need to renovate the MSAD kitchen, saving approximately \$1 million.** MSAD's dining facilities are located in Rodman Hall, a building constructed in 1924. While this building is still being utilized at MSAD, it is inefficient and costly to operate. The dining room itself is pleasant and open, and can still be utilized for dining purposes. The kitchen in Rodman Hall needs to be replaced. The equipment in the MSAD kitchen is very old and has been under constant repair. It is no longer practical to continue replacing parts. New equipment will be needed if we are going to prepare food in the MSAD kitchen and installing new equipment would require major renovation to the kitchen space.
- **The lack of state employee layoffs.** A majority of the staff in the nutrition department took advantage of the early retirement incentive (ERI) offered this fall and the few that are still employed would be needed to serve the food and manage the clean-up in the dining areas. This provides us with an opportunity to change how we do business without laying off employees and having to pay unemployment costs.

The Academies would begin contracting for nutrition services for the 2011-2012 school year. In order for this to occur, the MSA dietician would work closely with the contractor to set up menus, make sure that the necessary procedures and equipment for keeping food at the proper temperature was in place, schedule MSA staff for serving and clean-up; work with the MSA Health Services Coordinator to provide special diets to students whose IEPs require them.

Program Description

The purpose of the residential academies is to provide the highest level of self sufficiency possible for deaf/hard or hearing and blind/visually impaired students in the state of Minnesota.

Budget Activities

This program includes the following budget activities:

- Academy for the Deaf
- Academy for the Blind
- Academy Operations (covered in the "Operations" section of the agency profile)

MINN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Program Summary

<i>Dollars in Thousands</i>					
	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	11,912	11,912	11,912	11,912	23,824
Subtotal - Forecast Base	11,912	11,912	11,912	11,912	23,824
Governor's Recommendations					
Nutrition Services Shifted to Contract		0	(309)	(309)	(618)
Addition of Trial Placement Option		0	4	13	17
Total	11,912	11,912	11,607	11,616	23,223
<u>Expenditures by Fund</u>					
Direct Appropriations					
General	11,886	11,938	11,607	11,616	23,223
Statutory Appropriations					
Miscellaneous Special Revenue	2,322	3,220	2,929	3,029	5,958
Federal	369	306	310	318	628
Miscellaneous Agency	66	64	58	58	116
Gift	46	29	29	29	58
Total	14,689	15,557	14,933	15,050	29,983
<u>Expenditures by Category</u>					
Total Compensation	12,454	12,861	12,418	12,788	25,206
Other Operating Expenses	2,184	2,668	2,487	2,234	4,721
Payments To Individuals	51	28	28	28	56
Total	14,689	15,557	14,933	15,050	29,983
<u>Expenditures by Activity</u>					
Academy For The Deaf	5,863	5,774	5,550	5,614	11,164
Academy For The Blind	3,779	3,930	3,912	3,978	7,890
Academy Operations	5,047	5,853	5,471	5,458	10,929
Total	14,689	15,557	14,933	15,050	29,983
Full-Time Equivalents (FTE)	179.0	169.0	168.4	168.4	

Activity at a Glance

- Minnesota State Academy for the Deaf students in 2009 – 2010 as follows:

Student Type

Day	59
Residential	82
Total Enrolled	141
Summer	88
Total Served	228

- 51% of MSAD students present a secondary or multiple handicapping conditions including: learning disabilities, physical disabilities, emotional behavior disorders, communication disorders, autism spectrum disorders, cognitive disabilities, and dual sensory impairments (deaf-blind).
- The Minnesota State Academy for the Deaf maintains ten buildings with a total of 315,000 square feet on 40 acres of land.
- The Minnesota State Academy for the Deaf has two buildings listed on the National Historic Registry: Tate Hall and Noyes Hall.

Activity Description

The Minnesota State Academy for the Deaf (MSAD) provides educational opportunities to deaf/hard of hearing students ages 0-21 throughout the state of Minnesota. Students attend the MSAD when the family, school district of residence and Academies staff agree that MSAD is an appropriate placement. Students may also attend to obtain social skills or for targeted short-term skill development.

Services Provided

The Minnesota State Academy for the Deaf (MSAD) is located on 40 acres of land on the east side of Faribault, Minnesota. The campus is about a half mile from the Minnesota State Academy for the Blind within the Faribault community. MSAD has a residential option and educational programs unique to the disability of deafness. MSAD's mission is to educate deaf/hard of hearing students to their greatest potential. The strategies to accomplish this mission are unique to MSAD and the disability of deafness. Teachers at MSAD require specialized training and are highly qualified teachers.

Communication Access. MSAD provides direct instruction to deaf/hard of hearing students by licensed teachers fluent in American Sign Language. Instruction and classroom environments are designed to include necessary

adaptations unique to deaf/hard of hearing learners. MSAD is a 24-hour, language-rich environment, where American Sign Language and English are utilized to foster effective communication in a community with a critical mass of similar age, language peers. Children have direct communication access 24 hours a day. This 24 hour access to information and communication creates an environment which is least the restrictive for a deaf child.

Educational Options. Educational opportunities include core academics, early childhood education, transition programming, work study experience, functional life skill development, specialized behavioral programming, and specific instructional strategies designed to meet the needs of multi-handicapped learners.

Mainstream Options. Mainstream opportunities are available through the Faribault Public School System. This opportunity provides students with the experience of being a participant in a class with non-disabled peers. Deaf students acquire skills in working with an interpreter and note-taker.

Related Services. All student support services are provided by professional staff licensed and trained to work with deaf/hard of hearing students. Support staff includes licensed school psychologists, social workers, counselors, OT/PT staff and speech/language pathologists. Approximately 75% of all academy staff members are deaf or hard of hearing, providing students with successful role models. Recreational and competitive activities provide students with opportunities to develop self-confidence, self-esteem, leadership and self-advocacy skills, knowledge and competence to apply to their future roles as productive, independent citizens.

Special Programs

The Impact program opened its doors in January of 2010 as a collaborative venture with the Volunteers of America (VOA) and MSAD. Located in Pollard Hall on the MSAD campus, this specialized program serves deaf/hard of hearing students with intense mental health issues. MSAD provides the educational component of the program and VOA provides the mental health therapy.

MINN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE DEAF

Narrative

The Nest is a special classroom in which teaching techniques are designed to meet the needs of middle school and high school students with developmental language needs. Designed for students who are non-readers who may also be diagnosed on the Autism Spectrum, this program has a low staff to student ratio and focuses on each student's functional needs. Clear visuals such as visual daily schedules, visual recipes and other supports are used throughout the day in order to support learning.

The Next Steps program is modeled after a program developed at the Perkins School for the Blind. It is a functional pre-vocational program that teaches students math, reading and functional organizational skills and patterning and is one of the many transition options provided at MSAD.

The Levels program offers educational opportunities to deaf/hard of hearing children who also have additional emotional and behavioral problems. This very structured program provides an environment in which children earn privileges and responsibilities by demonstrating appropriate behavior and completing academic tasks.

Key Activity Goals & Measures

The Board of the Minnesota State Academies has a defined mission, vision and belief statements that guide the direction of the Academies. These statements are reviewed on an annual basis and reflect input from the Site Councils of both schools as well as other stakeholders of the Academies. See link for additional information: <http://www.msa.state.mn.us/About/mission.asp>.

- The MSAD mission is to educate deaf/hh children to their greatest potential. The majority of children who attend MSAD do not enroll academically-achieving at grade level. Each student at MSAD has an IEP (Individual Education Plan) with individual goals for achievement.
- Another key program goal for MSAD is to prepare students for life and education after high school and for all students to graduate with a high school diploma.

Measure: MSAD Students' Post-graduation Plans					
	2007	2008	2009	2010	4-Year Total
College Bound	78%	85%	63%	50%	70%
Work	17%	5%	5%	29%	13%
Transition Program		10%	11%	21%	10%
Undecided/Unknown	5%		21%		7%
Class Size	18	19	19	14	70

Measure: Student Success Rate in Passing State Required Testing. As special education facilities, progress monitoring via students' individualized goals is measured annually. Our children's disabilities make them unique unto themselves and demonstration of proficiency must be done on an individual basis. We measure growth by looking at where they started and the progress they've made. Students at MSAD take the Minnesota Standardized Tests and are able to compare their progress to their non-handicapped peers. Students whose IEPs deem it appropriate also participate in the Minnesota MCA 2's and the NWEAs (Northwest Education Assessments). Students whose IEPs do not deem it appropriate to take the Minnesota standardized tests may have their progress monitored via special assessments related to their disabilities or via alternative testing.

Minnesota State Academy for the Deaf (MSAD)

BST Class of	Number Passed at State Level		
	Reading	Writing	Math
2009	11 (65%)	9 (53%)	9 (53%)
2008	18 (95%)	13 (68%)	18 (95%)
2007	11 (65%)	10 (59%)	8 (47%)

Less than 1% of students attending MSAD are exempt from taking Minnesota's mandated tests. All others take the tests and results are measured and compared to non-handicapped peers.

MINN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE DEAF

Narrative

Measure: Individual Education Plan. Testing and assessments have become a major component of K-12 education and while the students who attend MSAD do participate in taking Minnesota's mandated tests, it is just as important to highlight the progress that each student makes on the goals as defined in their individual education plan (IEP). All of our students are required to have three-year evaluations as part of the IEP process. There is extensive testing done at these three year intervals. While there is merit in comparing achievement with non-handicapped peers, it is equally if not more important to measure a child's own progress over time. Most students do not enroll at MSAD achieving at grade level, but all students enrolled at MSAD measure their own progress. Goals are reviewed periodically and if a student is not making adequate progress, an IEP meeting is held where monitoring and adjustments may be made. Assessments may be requested, teaching strategies may be changed and the IEP team determines the appropriate action to assure that progress is made.

Measure: Accreditation. Accreditation for MSAD has been achieved through the CEASD (Conference of Educators and Administrators Serving the Deaf) organization. Accreditation is already in place through the North Central Association's school improvement cycle. MSAD is the only dually accredited school for the deaf in the State of Minnesota.

Activity Funding

In 2010, MSAD received 76% of its activity funding from the general fund, including both direct appropriations and payments of state education aids from the Department of Education, 19% from school districts and other miscellaneous sources, and 4% from federal sources. It also received 1% of its revenues in 2010 from gifts and donations.

Contact

Roxie Mitchell
Director of Education
Minnesota State Academy for the Deaf
615 Olof Hanson Drive
Faribault, Minnesota 55021-0308
Phone: (507) 384-6617
Web site: <http://www.msad.state.mn.us>

Linda Mitchell
Superintendent
Minnesota State Academies
615 Olof Hanson Drive
Faribault, Minnesota 55021-0308
Phone: (507) 384-6601
Web site: <http://www.msa.state.mn.us>

Program at a Glance

- Minnesota State Academy for the Blind served students in 2009 – 2010 as follows:

Student Type

Day 22

Residential 28

Total Enrolled 50

Outreach 55

Summer 61

Total Served 149

- **75%** of MSAB students present multiple disabilities including: learning disabilities, physical disabilities, emotional behavior disorders, communication disorders, autism spectrum disorders, cognitive disabilities, and dual sensory impairments (deaf-blind).
- The Minnesota State Academy for the Blind maintains five buildings with a total of 382,000 square feet and 30 acres of land.
- The Minnesota State Academy for the Blind provides outreach, consulting and assessment services to public schools that have blind/visually impaired students in their district.

Activity Description

The Minnesota State Academy for the Blind (MSAB) provides educational opportunities to blind/visually impaired students ages 0-21 throughout the state of Minnesota. Students attend MSAB when the family, school district of residence and Academies staff agree that MSAB is an appropriate placement. Students may also attend to obtain social skills or for targeted short-term skill development.

Services Provided

The Minnesota State Academy for the Blind (MSAB) is located on the east side of Faribault, Minnesota about 50 miles south of the Twin Cities. The mission of MSAB is to educate students who are blind/visually impaired or have multiple disabilities to achieve their greatest potential. The strategies to accomplish this mission are unique to the disability of blindness. Teachers at MSAB require specialized training and licensure in the area of blindness/vision impairments and are highly qualified teachers.

The educational process at MSAB is provided in an environment where a specialized curriculum, related support services and appropriate adaptations and modifications are available to all students. Unlike sighted children, blind/visually-impaired children cannot access information in the same manner as their sighted peers. Thus the direct teaching of the skills necessary to overcome the loss of vision is critical. The curriculum

taught at MSAB focuses on helping a blind/visually impaired child become a self-sufficient adult. Areas of curriculum and instruction provided at MSAB include the following:

- development of skills to access information, including Braille, large print and or print with the use of optical devices;
- orientation and mobility skills for independent travel;
- independent living skills;
- career education;
- technology and assistive technology; and,
- specialized expanded core curriculum to address the unique needs of blind children.

An example of specialized instruction is a summer transition program that focuses on functional skill development and is offered in conjunction with local schools and vocational rehabilitation assistance at MSAB.

Academic Options. MSAB provides core curriculum coursework typical of public school offerings: math, science, english, music, art, physical education, etc. The difference is in the delivery of the instruction, as strategies are designed specifically for children who are blind or visually impaired. Some students who attend the Minnesota State Academy for the Blind are able to participate in regular public school classes within the local public schools in Faribault, while also taking courses at the Minnesota State Academy for the Blind (MSAB). This opportunity provides students with the experience of being a participant in a class with non-disabled peers. Blind/visually-impaired students learn to navigate a sighted environment that is not specifically designed for their learning styles. They learn how to work with paraprofessionals, note takers, and also develop and practice self-advocacy skills.

Programming for those with multiple challenges. Students in the multi-challenged program at MSAB focus on developing basic functional skills while integrating home living, self help, and work skills. The Individual Education Plans (IEPs) for these students maintain education plan goals relating to self-sufficiency and independence, functional academics, pre-academics, and related services. Program components consist of functional reading, writing, math, social skills and listening skills, music, art, home living and vocational skills. Related services include orientation and mobility, speech, and physical and/or occupational therapy. Thematic units involve students in age appropriate learning activities in concept development, Braille readiness skills, music and games, cooking, daily living skills and social play.

Academy Plus (A+) Transition programming. The Academy Plus (A+) program serves students ages 18-21 who have completed their high school coursework but have an unsigned diploma and are currently on an IEP. There are three levels of instruction to the A+ program and students are able to work their way through the levels in preparation for living independently.

- **Level One**
Students participate in structured classes with emphasis on compensatory skill building and functional living skills. The primary focus is on developing skills to prepare students for supported employment and assisted living. Students in Level One live within a fully supervised dormitory setting.
- **Level Two**
Students participate in classes that emphasize post-secondary readiness and the skills to live semi or fully independently. The primary focus is to develop skills to prepare students for unsupported employment and post-secondary options. Students in Level Two have the opportunity to work toward living in an on-campus semi-supervised apartment.
- **Level Three**
Students participate in classes that emphasize post-secondary exploration and advanced independent living skills. The primary focus includes post-secondary coursework and preparation for unsupported employment. Students in Level Three have the opportunity to live in an on-campus, independent living apartment.

Short term skill development options. Students who attend MSAB may enroll for short term placement to focus on acquiring specialized skills that are needed in order for them to be successful in their public school setting. Specialized skills may include learning orientation and mobility (O&M) skills, learning to use Braille, mastering specific assistive technology devices or developing independent living skills. There is an inaccurate assumption that students who enroll at MSAB stay at MSAB until they graduate. Presently we serve many students on a short term basis, either providing skills during summer programming or Extended School Year (ESY) services for the school districts, or by giving a child intense short term services in a specific area so that once they have mastered the skills they can return to their public school setting and implement their newly gained expertise.

Key Activity Goals & Measures

The Board of the Minnesota State Academies has a defined mission, vision and belief statements that guide the direction of the Academies. These statements are reviewed on an annual basis and reflect input from the Site Councils of both schools as well as other stakeholders of the Academies. See link for additional information: <http://www.msa.state.mn.us/About/mission.asp>.

- The mission of the Minnesota State Academy for the Blind is to educate blind/visually-impaired children to their greatest potential. Many of the children who attend MSAB do not enroll academically-achieving at grade level or they are students who have completed their high school coursework but have an unsigned diploma and IEP. These students attend MSAB to learn independent living skills, including orientation and mobility skills. These skills are necessary for blind/visually impaired people if they intend to live independently and navigate the world. MSAB is a special education facility and each student who attends MSAB has an IEP with individual goals for achievement.

MINN STATE ACADEMIES

Program: RESENDTL ACADEMIES/DEAF&BLIND

Activity: ACADEMY FOR THE BLIND

Narrative

- Another key program goal for MSAB is to prepare students for life and education after high school and for all students to graduate with a high school diploma.
- **Measure: Graduation Success Rates**
 - MSAB's graduation rates are above 98% and student drop-out rates are non-existent. If MSAB is not the appropriate placement for a student, an IEP meeting is held and the IEP team determines if a change of placement is needed.
 - Five MSAB students graduated in 2010, three returned for continuing transition education, one enrolled in the Vector Transition program and one returned to his home.
 - The comprehensive transition programs at MSAB are showing signs of great success. Students at MSAB between the ages of 18-21 attend South Central College in Faribault and gain confidence successfully completing college work, developing independent living skills, and earning credits that can be utilized in their post high school education. Students from MSAB set transition goals which provide them with work experiences that integrate them in to the community.
- **Measure: Individual Education Plan Measures**
 - As special education facilities, progress monitoring via their individualized goals is measured annually. Our students' disabilities make them unique unto themselves and demonstration of proficiency must be done on an individual basis for many of them. We measure growth by looking at where they started and the progress they've made. While some students at MSAB take the Minnesota Standardized Tests and are able to compare their progress to their non-handicapped peers, many do not.
 - All of the students are required to have three-year evaluations as part of the IEP process. There is extensive testing done at these three-year intervals. Students whose IEPs deem it appropriate also participate in the Minnesota MCA 2's and the NWEAs (Northwest Education Assessments).
 - Students whose IEPs do not deem it appropriate to take the Minnesota standardized tests may have their progress monitored via special assessments related to their disabilities. Those students who attend the Academy Plus program at MSAB do not take the standardized tests because their high school coursework is already completed.

Activity Funding

In 2010, MSAB received 70% of its activity funding from the general fund, including direct appropriations and payments of state education aids from the Minnesota Department of Education, 28% from school districts and other miscellaneous sources, and 1% from federal sources. It also received 1% of its revenues in 2010 from gifts and donations.

Contact

For additional information contact:

John Davis
Director of Education
Minnesota State Academy for the Blind
400 South East 6th Avenue
Faribault, Minnesota 55021
Phone: (507) 384-6701
Website: <http://www.msab.state.mn.us>

Linda Mitchell
Superintendent
Minnesota State Academies
615 Olof Hanson Drive
Faribault, Minnesota 55021-0308
Phone: (507) 384-6601
Web site: <http://www.msa.state.mn.us>

MINN STATE ACADEMIES

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm.		Biennium 2012-13
			FY2012	FY2013	
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Miscellaneous Special Revenue	2,624	2,526	2,719	2,814	5,533
Federal	358	304	310	318	628
Other Revenues:					
Miscellaneous Special Revenue	125	229	228	228	456
Miscellaneous Agency	45	1	1	1	2
Gift	7	11	11	11	22
Other Sources:					
Miscellaneous Special Revenue	152	53	53	53	106
Miscellaneous Agency	29	76	76	76	152
Total Dedicated Receipts	3,340	3,200	3,398	3,501	6,899
Agency Total Revenue	3,340	3,200	3,398	3,501	6,899

	PAGE
Agency Profile	2
Agency Fiscal Page (Gov Rec)	7
Change Summary	8
Agency Change Items	
⇒ Base Reduction	9
Agency Revenue Summary Fiscal Page	10
⇒ Designates that this item is a change item	

Agency Purpose

Vision - The Minnesota State Colleges and Universities will enable the people of Minnesota to succeed by providing the most accessible, highest value education in the nation.

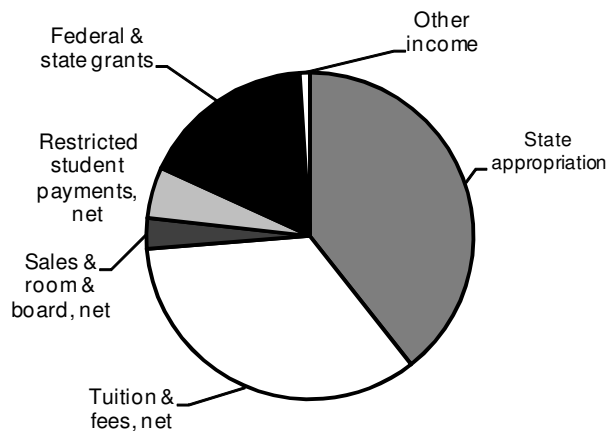
Mission - The Minnesota State Colleges and Universities system of distinct and collaborative institutions offers higher education that meets the personal and career goals of a wide range of individual learners, enhances the quality of life for all Minnesotans and sustains vibrant economies throughout the state.

Each state college and university has a distinct mission that is consistent with and supportive of the overall mission of Minnesota State Colleges and Universities.

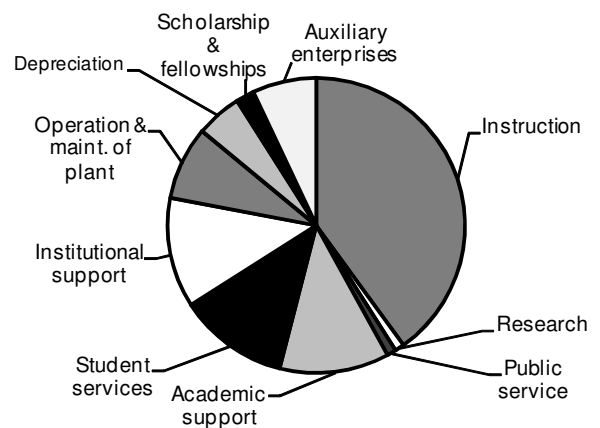
At a Glance

- The system has seven universities and 25 colleges on 54 campuses in 47 Minnesota communities
- Largest single provider of higher education in Minnesota, educating about 278,000 students in credit courses annually and another 172,000 students in non-credit courses
- Graduates 35,000 students each year
- Eighty-eight percent of students are Minnesota residents
- Eighty percent of graduates stay in Minnesota to work or to continue their education
- Produces the largest share of the state’s new teachers, accountants, police officers, nurses, firefighters, technicians, trades people and others from a broad range of disciplines
- Fiscal year 2009 total general fund expenses \$1.4 billion
- Employ more than 19,300 full-time and part-time faculty and staff

Fiscal Year 2009 Revenues by Source



Fiscal Year 2009 Expenses by Functional Category



Source: Minnesota State Colleges and Universities, Annual Financial Report for the years Ended June 30, 2009 and 2008

Strategies

The system’s activities are guided by the strategic plan, *Designing the Future*, and the plan’s five strategic directions:

- Increase access, opportunity and success;
- Achieve high-quality learning through a commitment to academic excellence and accountability;

- Provide programs and services that enhance the economic competitiveness of the state and its regions;
- Innovate to meet current and future educational needs; and,
- Sustain financial viability during changing economic and market conditions.

An annual action plan approved by the Board of Trustees is aligned with the strategic plan and guides the system and college and university planning. The annual action plan identifies areas of focus within the system strategic plan including the following examples from the fiscal year 2011 action plan:

- reaching underrepresented student populations;
- implementing a “Smart Transfer” plan to ease credit transfer between MnSCU campuses;
- supporting student engagement and enrollments in science, technology, engineering, and mathematics;
- improving outreach and responsiveness to business industry;
- increasing access and student success through online learning;
- implementing projects to provide seamless and shared services;
- expanding outreach and enhanced educational services to Minnesota businesses;
- advancing collaborative efficiencies across system institutions; and,
- ensuring energy conservation sustainability.

The annual action plan provides the framework for each college and university to develop an institutional work plan. Each college and university develops strategies or identifies current practices that align with the system strategic and action plan priorities.

Operations

Minnesota’s 25 state colleges and seven universities provide an array of high quality and low cost educational programs to residents in all parts of the state. The educational programs comprise:

- Technical education programs which prepare students for skilled occupations that do not require a baccalaureate degree;
- Pre-baccalaureate programs which offer lower division instruction in academic and occupational fields designed for transfer to a baccalaureate degree and developmental education;
- Baccalaureate programs which offer undergraduate instruction and degrees; and
- Graduate programs including instruction through the master’s degree, specialist certificates and degrees, and applied doctoral degrees.

The Minnesota State Colleges and Universities system is governed by a 15-member Board of Trustees appointed by the governor. The Board has policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and rules and regulations.

The system develops initiatives to support the strategic and action plan priorities and provides appropriate measures to assess capacity and progress in advancing those priorities among system institutions. The following is a summary of activities organized by the system’s strategic directions:

- Increase access and opportunity – The system provides geographic access to programs and services across the diversity of communities and students across the state. This includes partnerships with Minnesota communities not served by a system campus and outreach to a diversity of student populations, particularly those underrepresented in higher education.
- Achieve high-quality learning through a commitment to academic excellence and accountability – The system has a range of missions among institutions in support of diversity of programs and program awards from certificate to applied doctorate as well as a variety of credit and program lengths to meet the diversity of student needs.
- Provide programs and services that enhance the economic competitiveness of the state and its regions – The system engages and responds to the needs of industry through local program advisory boards, customized training for industry needs, and statewide efforts in that include biosciences, farm and small business management, and the Centers of Excellence serving healthcare, information technology, manufacturing and engineering.

- Innovate to meet current and future educational needs – The system advances innovation through new modes of learning including expanded online and blended course offerings, new collaborative efforts among system institutions and with external industry and higher education providers, and integration of new technologies to improve the effectiveness and efficiency of system operations and programs.
- Sustain financial viability during changing economic and market conditions – The most recently added strategic direction on financial viability is a direct response to the state fiscal climate. The system is committed to finding more efficiencies and sustaining its core mission, including shared services, energy conservation, and continuously assessing the value of its programs and services for the state.

Key Goals & Measures

The system leads public colleges and universities across the nation in the establishment of an integrated process of strategic planning, goal setting, measurement and accountability for results. As described above, the system's activities are guided by the Board of Trustees' strategic plan, *Designing the Future*, and the plan's five strategic directions:

- Increase access and opportunity;
- Achieve high-quality learning through a commitment to academic excellence and accountability;
- Provide programs and services that enhance the economic competitiveness of the state and its regions;
- Innovate to meet current and future educational needs; and,
- Sustain financial viability during changing economic and market conditions.

An annual action plan approved by the Board of Trustees is aligned with the strategic plan and guides the system and the colleges and universities planning. The annual action plan identifies areas of focus within the system strategic plan and sets a target for each goal. Examples of areas of focus and target measures from the fiscal year 2011 action plan follow:

- Reaching underrepresented student populations
 - Target: increase second fall persistence and completion rate of full time entering underrepresented students from 70.6 percent in 2007 to 73.7 percent in 2014.
 - The fall 2009 persistence and completion rate of full time entering underrepresented students increased to 72.8 percent.
- Supporting student engagement and enrollments in science, technology, engineering, and mathematics (STEM)
 - Target: increase the percent of students enrolled in one or more college level STEM courses by 2.9 percent, from 45.9 percent in fiscal year 2005 to 48.8 percent in fiscal year 2011.
 - The number of students enrolled in STEM courses increased by 16 percent from 108,998 in fiscal year 2005 to 126,756 (preliminary in fiscal year 2010).
- Increasing access and student success through online learning
 - Target: increase the percentage of credits provided system-wide through online and blended courses to 25 percent by fiscal year 2015.
 - The percentage of credits provided system-wide through online and blended courses increased to 17.1 percent in fiscal year 2010.
- Ensuring energy conservation sustainability
 - Target: use energy benchmarking data to support ongoing improvement and efficiency

Additional information about the strategic and action plan is available on the system website at: <http://www.mnscu.edu/about/strategicplan.html>

In June 2008, the system launched an online Accountability Dashboard. The dashboard, which has received national attention, allows policy makers and the public to obtain key performance metrics for each of the colleges and universities and the system as a whole in a transparent, accessible manner. Ten key performance measures are tied to the strategic directions within the strategic plan:

- Percent change in enrollment
- Net tuition and fees as percent of median income

- Licensure exams pass rate
- Persistence and completion rate
- High quality learning
- Student engagement
- Transfer
- Related employment of graduates
- Composite financial index
- Facilities condition index

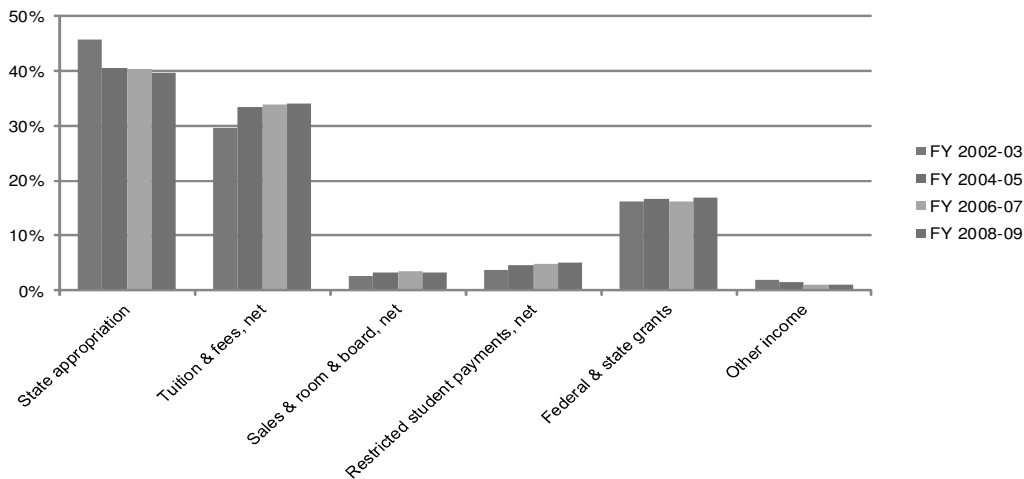
Additional information about the Accountability Dashboard is available on the system website at: <http://www.mnscu.edu/board/accountability/index.html>

Budget Trends

Revenues. Fiscal year 2009 total operating revenues were \$1.71 billion. The three primary sources of revenue were state appropriations at 39 percent, tuition and fees (net of scholarship allowances) at 34 percent, and federal and state grants (which include federal and state student financial aid) at 17 percent. All tuition and fee revenues generated remain with the college or university that generates the revenues.

Expenses. Operating expenses during fiscal year 2009 totaled \$1.72 billion. Compensation accounted for 71 percent of the Minnesota State Colleges and Universities total operating expenses.

Operating Revenues by Source



Source: Minnesota State Colleges and Universities, Annual Financial Reports

External Factors

External factors affecting the Minnesota State Colleges and Universities are the state and national economic outlook and competing legislative priorities with limited state resources. The system continues to rely on state operating appropriation support to implement new programs tailored to the needs of the state’s workforce, to maintain ongoing operations, and to devise the innovative strategies necessary to successfully manage the future challenges presented by a weak economy and a constantly evolving higher education marketplace. Most economic forecasts call for a slow recovery from the recession. State revenues have declined and the system has experienced appropriation reductions in fiscal years 2009 as well as the 2010-2011 biennium. The appropriation reductions during the 2010-2011 biennium have been offset somewhat with one-time federal stimulus funds.

The workforce will change significantly with baby boomers entering into retirement years and new skills needed for the changing economy both of which will require higher levels of education for the next generations. The changing face of Minnesota includes substantial growth of many immigrant and other minority populations that are succeeding in our education systems and are underrepresented in higher education. The emergence of new technologies and program delivery options are supporting new learning opportunities for students and growth of new providers in the higher education marketplace. The next generation learner has access to technology, information, and networking anytime and anywhere and will bring similar expectations of responsiveness and flexibility into their learning experience. The substantial investments needed in technology and physical space will challenge many service related industries, including higher education, to make strategic decisions about sustaining local access to a range of programs and services.

The most significant pressures facing the system during the upcoming biennium relate to providing high-quality, accessible and affordable educational opportunities to Minnesotans, managing compensation pressures, and maintaining the infrastructure of 54 campuses located across the state.

Contact

Minnesota State Colleges and Universities Finance Division: 651.201.1732
Website: www.mnscu.finance.edu

Minnesota State Colleges and Universities
Website: <http://www.mnscu.edu>

STATE COLLEGES & UNIVERSITIES

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2012-13
	FY2010	FY2011	FY2012	FY2013	
<u>Direct Appropriations by Fund</u>					
Mn State Colleges/universities					
Current Appropriation	614,169	605,494	605,494	605,494	1,210,988
Recommended	614,169	605,494	592,530	592,530	1,185,060
Change		0	(12,964)	(12,964)	(25,928)
% Biennial Change from 2010-11					-2.8%
Federal Stimulus					
Current Appropriation	79,166	0	0	0	0
Recommended	79,166	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	20	3	0	0	0
Mn State Colleges/Universities	614,169	605,494	592,530	592,530	1,185,060
Federal Stimulus	36,023	43,143	0	0	0
Statutory Appropriations					
Mn State Colleges/Universities	820,773	984,520	945,906	952,066	1,897,972
Mnscu Special Revenue	13,973	15,740	15,740	15,740	31,480
Mnscu Federal Fund	50,178	51,804	51,182	51,182	102,364
Mnscu Agency Fund	29,021	28,954	28,954	28,954	57,908
Mnscu Gift Fund	2,455	2,820	2,820	2,820	5,640
Sub Supplemental & Ira Retire	94	85	85	85	170
Mnscu Enterprise Activities	9,538	9,671	9,671	9,671	19,342
Mnscu Endowment Fund	0	4	4	4	8
Total	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
<u>Expenditures by Category</u>					
Local Assistance	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
Total	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
<u>Expenditures by Program</u>					
Mn State Colleges & Univer	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
Total	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944

STATE COLLEGES & UNIVERSITIES

Change Summary

<i>Dollars in Thousands</i>				
	FY2011	Governor's Recomm.		Biennium
		FY2012	FY2013	2012-13
Fund: MN STATE COLLEGES/UNIVERSITIES				
FY 2011 Appropriations	605,494	605,494	605,494	1,210,988
Technical Adjustments				
Current Law Base Change		24,857	24,857	49,714
Subtotal - Forecast Base	605,494	630,351	630,351	1,260,702
Change Items				
Operations and Maintenance Reduction	0	(37,033)	(37,033)	(74,066)
Central Office Shared Services Reduction	0	(500)	(500)	(1,000)
Learning Network Reduction	0	(288)	(288)	(576)
Total Governor's Recommendations	605,494	592,530	592,530	1,185,060
Fund: FEDERAL STIMULUS				
FY 2011 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: MN STATE COLLEGES/UNIVERSITIES				
Planned Statutory Spending	984,520	945,906	952,066	1,897,972
Total Governor's Recommendations	984,520	945,906	952,066	1,897,972
Fund: MNSCU SPECIAL REVENUE				
Planned Statutory Spending	15,740	15,740	15,740	31,480
Total Governor's Recommendations	15,740	15,740	15,740	31,480
Fund: MNSCU FEDERAL FUND				
Planned Statutory Spending	51,804	51,182	51,182	102,364
Total Governor's Recommendations	51,804	51,182	51,182	102,364
Fund: MNSCU AGENCY FUND				
Planned Statutory Spending	28,954	28,954	28,954	57,908
Total Governor's Recommendations	28,954	28,954	28,954	57,908
Fund: MNSCU GIFT FUND				
Planned Statutory Spending	2,820	2,820	2,820	5,640
Total Governor's Recommendations	2,820	2,820	2,820	5,640
Fund: SUB SUPPLEMENTAL & IRA RETIRE				
Planned Statutory Spending	85	85	85	170
Total Governor's Recommendations	85	85	85	170
Fund: MNSCU ENTERPRISE ACTIVITIES				
Planned Statutory Spending	9,671	9,671	9,671	19,342
Total Governor's Recommendations	9,671	9,671	9,671	19,342
Fund: MNSCU ENDOWMENT FUND				
Planned Statutory Spending	4	4	4	8
Total Governor's Recommendations	4	4	4	8

STATE COLLEGES & UNIVERSITIES

Change Item: Base Reduction

Fiscal Impact (\$000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	\$(37,821)	\$(37,821)	\$(37,821)	\$(37,821)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues				
Net Fiscal Impact	\$(37,821)	\$(37,821)	\$(37,821)	\$(37,821)

Recommendation

The Governor recommends a 6% reduction to the Minnesota State Colleges and Universities (MnSCU) base budget General Fund appropriations in FY 2012 and FY 2013, for a total biennial reduction of \$75.642 million. This includes MnSCU's operating and maintenance, central office and shared services, and Learning Network appropriations.

The Governor recommends that the reductions be taken in the following manner:

<u>Appropriation</u>	<u>Reduction</u>
Operations and Maintenance	\$(37,033,000)
Central Office/Shared Services	(500,000)
Learning Network	(288,000)
Total	\$(37,821,000)

The Governor calls upon the Board of Trustees of MnSCU in this challenging time to focus their activities on increasing student access and affordability, leveraging MnSCU's resources to spur job creation, and collaborating with other state institutions to nurture innovation in the delivery of higher education.

Rationale

Higher education is a top priority of this administration. However, given the current budget climate, reductions in this area must be made. To reduce the impact on the core workforce development mission of MnSCU, MnSCU is encouraged to maximize efficiency in activities that are not directly related to this mission. This is a 6% reduction from MnSCU's FY 2012-13 base, and a one percent reduction from the FY 2010-11 funding level.

STATE COLLEGES & UNIVERSITIES

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Total Non-Dedicated Receipts	0	0	0	0	0
<u>Dedicated Receipts:</u>					
Grants:					
Mn State Colleges/universities	25,472	26,350	15,831	15,831	31,662
Mnscu Special Revenue	7,004	7,484	7,484	7,484	14,968
Mnscu Federal Fund	51,284	51,182	51,182	51,182	102,364
Federal Stimulus	36,023	43,143	0	0	0
Mnscu Gift Fund	24	24	24	24	48
Other Revenues:					
Mn State Colleges/universities	853,986	886,836	905,056	911,216	1,816,272
Mnscu Special Revenue	1,604	1,593	1,593	1,593	3,186
Mnscu Federal Fund	31	0	0	0	0
Mnscu Agency Fund	5	5	5	5	10
Mnscu Gift Fund	2,796	2,796	2,796	2,796	5,592
Sub Supplemental & Ira Retire	3	3	3	3	6
Mnscu Enterprise Activities	9,664	9,664	9,664	9,664	19,328
Mnscu Endowment Fund	-5	4	4	4	8
Other Sources:					
Mn State Colleges/universities	8,505	24,925	24,925	24,925	49,850
Mnscu Special Revenue	6,663	6,663	6,663	6,663	13,326
Mnscu Federal Fund	88	0	0	0	0
Mnscu Agency Fund	28,949	28,949	28,949	28,949	57,898
Sub Supplemental & Ira Retire	82	82	82	82	164
Mnscu Enterprise Activities	0	7	7	7	14
Taxes:					
Mn State Colleges/universities	13	0	0	0	0
Mnscu Enterprise Activities	-7	0	0	0	0
Total Dedicated Receipts	1,032,184	1,089,710	1,054,268	1,060,428	2,114,696
Agency Total Revenue	1,032,184	1,089,710	1,054,268	1,060,428	2,114,696

	PAGE
Small Agency Profile	2
Agency Fiscal Page (Gov Rec)	6
Agency Revenue Summary Fiscal Page	7

Agency Purpose

The Minnesota State Retirement System (MSRS) was established by state law in 1929. It exists to administer secure retirement plans for its members, assure timely benefit payments, be proactive in public pension policies, and provide exemplary customer service through a one-stop shopping source.

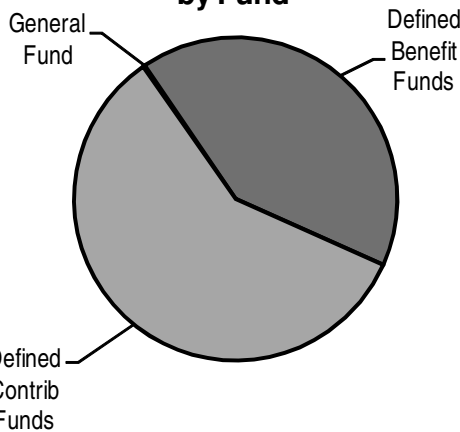
At a Glance

Information is current as of June 30, 2010, unless stated otherwise

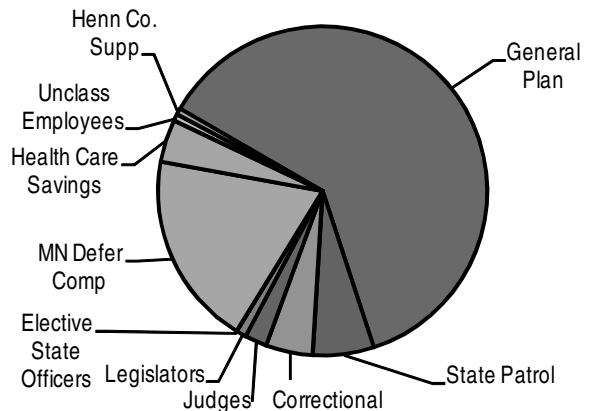
- Established in 1929
- Defined benefit plans managed - six
- Total defined benefit members – 109,516
- Net assets held in trust - \$13 billion
- FY11 administrative and record keeping expenses (budget) - \$15.4 million
- Number of employees – 92
- Defined contribution plan managed - four
- Total defined contribution participants – 131,852 (Unique SSN accounts per 1-26-11 data file)
- Total participating employers - 974

Source: MSRS 2010 Comprehensive Annual Financial Report

Est. FY 2010-11 Administrative Expenditures by Fund



Est. FY 2010-11 Expenditures by Plan



Source: FY 2010 Reallocation of Administrative Expenses-Bases File.

Source: FY 2010 Comprehensive Annual Financial Report

Strategies

MSRS administration is governed by an 11-member board of directors, who appoint an Executive Director to manage the system. MSRS utilizes the following strategies to accomplish its stated mission:

- Develop, implement and maintain retirement programs that are responsive to members needs.
- Seek approval of legislative initiatives designed to ensure the financial stability of the retirement plans.
- Deliver pension benefits and services in a customer oriented and cost-effective manner.
- Educate members to make informed decisions leading to a secure retirement future through counseling, workshops, newsletters, and web-based services and tools.
- Promote a respectful, ethical, high performance work environment that supports staff development, technological enhancements, and business process improvements.

Operations

MSRS operates from its main office in St. Paul and branch offices located in St. Cloud, Mankato, Detroit Lakes and Duluth. MSRS is organized around two functional areas: retirement services and administrative support processes. Retirement Services staff provide education, benefit determinations, and retirement counseling to members of all MSRS retirement plans by phone, through onsite visits and through the MSRS interactive web

site. Administrative divisions support provides financial, information technology, records management and contract administration services.

Defined Benefit Plan Administration

MSRS manages six cost-sharing, multiple-employer defined benefit (DB) retirement plans. The largest of these plans is the **General Plan** whose membership is comprised primarily of most Minnesota state employees, non-faculty employees of the University of Minnesota, and employees of the Metropolitan Council. The other five retirement plans are named after the employees eligible for membership: **Correctional Employees, State Patrol, Judges, Legislators, and Elective State Officers** (which covers elected officials voted into office prior to July 1, 1997). Each plan has specific member and employer contribution rates, retirement benefit formulas, survivor and disability options, and refund provisions.

MSRS administers its defined benefit plans internally. Staff collects member and employer contributions through payroll deduction and transfers these assets to the Minnesota State Board of Investment (SBI) where they are pooled with assets of other funds and invested in various securities. MSRS staff disburses monthly benefit payments to retired members, survivors, and disabled employees; and processes lump-sum withdrawals and rollovers to members who have terminated employment.

DEFINED BENEFIT RETIREMENT PLANS – Four Largest Plans

State Employees (General Plan)

- Net Assets - \$7.7 billion
- Funding Ratio – 87.30%
- Total Membership – 98,854
- Active Membership Count – 48,494
- Benefit Recipients – 28,435
- Inactive Membership Count – 21,925
- FY 2010 Annuities Paid - \$473 million

State Patrol

- Net Assets - \$489 million
- Funding Ratio – 83.00%
- Total Membership – 1,825
- Active Membership Count – 848
- Inactive Membership Count – 53
- Members Receiving Benefits – 924
- FY 2010 Annuities Paid - \$46 million

Correctional Employees

- Net Assets – \$525 million
- Funding Ratio – 70.95%
- Total Membership – 7,705
- Active Membership Count – 4,268
- Benefit Recipients – 1,859
- Inactive Membership Count – 1,578
- FY 2010 Annuities Paid - \$36 million

Judges

- Net Assets - \$126 million
- Funding Ratio – 60.16%
- Total Membership - 621
- Active Membership Count – 312
- Benefit Recipients - 291
- Inactive Membership Count – 18
- FY 2010 Annuities Paid - \$17 million

Two smaller plans, the Legislators and Elective State Officers Plans, are pay-as-you-go plans and funded through state General Fund appropriations. The Legislators Fund is also funded by member contributions to the Legislators Retirement Fund.

Source: MSRS 2010 Comprehensive Annual Financial Report

Defined Contribution Plan Administration

MSRS also administers four defined contribution (DC) plans. These plans include the **Unclassified Employees Retirement Plan**, which covers many of the governor's staff, legislative staff and elected officials first hired after July 1, 1997 and the **Supplemental Retirement Plan for Hennepin County (SRHC)**, which is available to qualified county employees hired or rehired prior to April 14, 1982. MSRS also operates two other defined contribution plans for all public employees in the state: the **Minnesota Deferred Compensation Plan (MNDCP)** and the **Health Care Savings Plan (HCSP)**.

Since July 1, 2009 MSRS has utilized third party service providers for record keeping and custodial services for all of the defined contribution plans. For these plans, participant contributions and other revenue flow from the employer unit, via payroll deduction, through the record keeper to the custodian for daily investment. Individual participants select their own investments from the investment options offered. At MSRS' direction, the record

keeper will make distributions to members, vendor payments, and reimbursements to MSRS for administrative fees. Financial transactions of these funds are not captured in the state’s accounting system. Thus, the fiscal pages of this budget document omit the financial activities for these plans.

DEFINED CONTRIBUTION RETIREMENT PLANS

Minnesota Deferred Compensation Plan

- Net Assets - \$3.5 billion
- Total Participants – 80,255
- Participating Employers – 553

Health Care Savings Plan

- Net Assets - \$321.2 million
- Total Participants – 62,528
- Participating Employers – 409

Unclassified Employees Retirement Plan

- Net Assets - \$253.4 million
- Total Participants – 3,198
- Participating Employers – ten

Hennepin County Supplemental Retirement Plan

- Net Assets - \$109.5 million
- Total Participants – 1,938
- Participating Employers – two

Since July 1, 2009, MSRS has utilized third-party service providers to provide record keeping and custodial services for the defined contribution plans. Thus the fiscal pages of this budget document omit financial activities for these plans.

Source: MSRS 2010 Comprehensive Annual Financial Report

Key Activity Goals & Measures

MSRS measures the funding ratio of the defined benefit plans it administers. This ratio represents what portion of a plan’s net assets is available to pay the projected liability for member’s retirement benefits. Most of MSRS’ retirement plans are pre-funded and the higher the funding ratio the better. This measure is determined by an annual actuarial valuation; results of the 2010 actuarial valuations are shown in the table below. MSRS’s goal is to achieve full funding (100% funding ratio) for each defined benefit plan by its statutory defined target date.

<u>Retirement Plan</u>	<u>Funding Ratio</u>	<u>Full Funding Target Date</u>
State Employees Plan (General Plan)	87.30%	2040
State Patrol Plan	83.00%	2036
Correctional Employees Plan	70.95%	2038
Judges Plan	60.16%	2038
Legislators Plan ¹	31.10%	Not Applicable
Elective State Officers Plan ²	5.66%	Not Applicable

1 These plans have been closed to new entrants since July 1, 1997. Each plan is funded on a pay-as-you-go basis.

Budget Trends

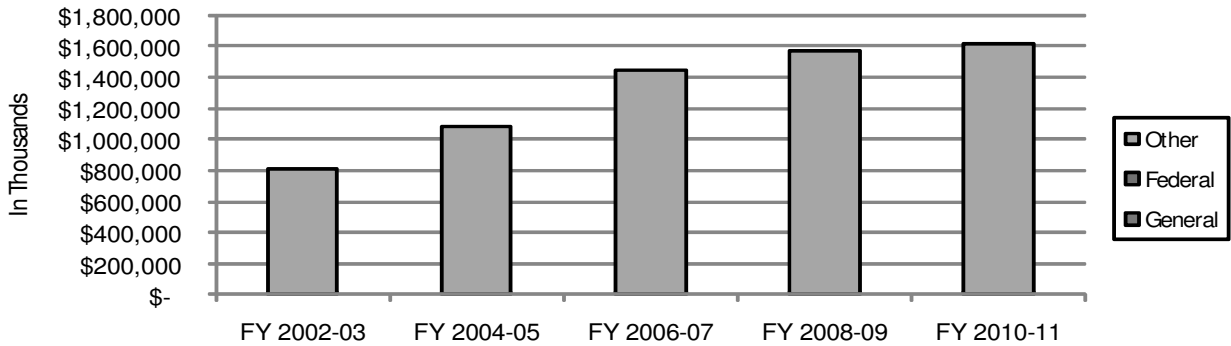
As noted in the previous section, the Legislators and Elective State Officers Plans are pay-as-you go plans. Both plans’ contributions and/or net assets are insufficient to pay future benefits to retired members and survivors. Thus, MSRS receives state General Fund appropriations for these plans to finance monthly regular retirement and survivor benefits, the cost of annual actuarial valuations, and each plan’s proportionate share of other MSRS’ administrative expenses.

General Fund appropriations were significantly higher in FY 2002-03, as noted in the schedule below, because the Judges Plan also received an appropriation in FY 2002. A FY 2006 General Fund appropriation for the Legislators Plan to cover mortality losses spiked the increase in the FY 2006-07 biennium.

MSRS’ revenue is derived primarily from employer and employee contributions to the various retirement plans that MSRS administers and investment income on assets held in trust. Statutory contribution rates, expressed as

a percentage of payroll, vary by retirement plan. To ensure plan stability in the long term, MSRS phased in contribution rate increases for its four largest defined benefit retirement plans over a multi-year period that ended July 1, 2010.

Total Expenditures by Fund



Source data for the previous chart is from MSRS Comprehensive Annual Financial Reports. "Other" includes the pension trust funds established for MSRS' retirement plans.

Two key external factors that impact MSRS and trigger the need for MSRS to revisit its business strategies are:

- **Economic conditions** – The recession and global financial crisis have resulted in negative investment returns and decreases in net assets in recent years. In response, MSRS monitors changes in funding ratios and contribution deficiency percentages closely and proposed legislative changes in plan provisions to ensure the security and financial stability of its funds to pay future benefits. MSRS has curtailed the growth in its administrative budget as other agencies have reduced spending.
- **Demographic changes** – As baby boomers contemplate retirement, MSRS has responded to increased demand for retirement estimates and counseling services with personal planning and pre-retirement seminars, and on-line retirement resources and tools.

Contact

Minnesota State Retirement System
 Dave Bergstrom, Executive Director
 60 Empire Drive, Suite 300
 Saint Paul, Minnesota 55103-3000
 Phone: (651) 296-2761
 Toll Free: (800) 657-5757
 TDD: (800) 627-3529 and ask to be connected to (651) 296-2761
 Fax: (651) 297-5238
 Visit MSRS on the web at <http://www.msrs.state.mn.us>

MINN STATE RETIREMENT SYSTEM

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium
	FY2010	FY2011	FY2012	FY2013	2012-13
<u>Expenditures by Fund</u>					
Open Appropriations					
General	2,636	2,899	2,988	3,048	6,036
Correctional Employees Retire	37,689	39,024	39,807	40,605	80,412
Miscellaneous Agency	7	0	0	0	0
State Employees Retirement	493,833	507,386	517,633	528,090	1,045,723
Highway Patrol Retirement	46,263	47,107	47,814	48,532	96,346
Unclassified Employees Retire	548	0	0	0	0
Health Care Savings Fund	257	0	0	0	0
Henn Cty Supplemental Retirmnt	13	0	0	0	0
Legislative Annuities	5,002	4,763	4,858	4,955	9,813
Judicial Retirement	17,102	17,657	18,010	18,372	36,382
Total	603,350	618,836	631,110	643,602	1,274,712
<u>Expenditures by Category</u>					
Total Compensation	6,821	7,369	7,591	7,818	15,409
Other Operating Expenses	3,978	5,398	5,535	5,679	11,214
Other Financial Transactions	592,551	606,069	617,984	630,105	1,248,089
Total	603,350	618,836	631,110	643,602	1,274,712
<u>Expenditures by Program</u>					
Mn State Retirement System	578,333	593,517	605,254	617,227	1,222,481
Elective Officers Plan	452	433	472	481	953
Judges Plan	17,102	17,657	18,010	18,372	36,382
Legislators Plan	7,186	7,229	7,374	7,522	14,896
Health Care Savings Fund	257	0	0	0	0
Henn Cty Supplemental Retirmnt	13	0	0	0	0
Payroll Clearing	7	0	0	0	0
Total	603,350	618,836	631,110	643,602	1,274,712
Full-Time Equivalents (FTE)	86.0	90.0	90.4	90.4	

MINN STATE RETIREMENT SYSTEM

Agency Revenue Summary

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012 FY2013		Biennium 2012-13
<u>Non Dedicated Revenue:</u>					
Other Revenues:					
General	170	180	185	189	374
Correctional Employees Retire	36,973	40,634	41,447	42,275	83,722
State Employees Retirement	244,201	249,339	254,325	259,412	513,737
Highway Patrol Retirement	16,702	16,610	16,859	17,112	33,971
Unclassified Employees Retire	678	0	0	0	0
Henn Cty Supplemental Retirmnt	44	0	0	0	0
Legislative Annuities	0	4,763	4,858	4,955	9,813
Judicial Retirement	11,223	11,548	11,779	12,015	23,794
Total Non-Dedicated Receipts	309,991	323,074	329,453	335,958	665,411
<u>Dedicated Receipts:</u>					
Other Revenues:					
Miscellaneous Agency	17	0	0	0	0
Total Dedicated Receipts	17	0	0	0	0
Agency Total Revenue	310,008	323,074	329,453	335,958	665,411