

Local Mandates Report

Impact of State Laws on Local Units of Government

Minnesota Department of Finance

February 2001

1997 Minn. Laws Chap. 231
Art. 11 Sec. 4 Subd. 2

Local Mandates Report

1. Executive Summary

This report examines the costs of state mandates imposed on local government. The report looked at 23 separate mandates legislatively imposed on local governments after June 30, 1997. Screening criteria found in current law reduced the number of mandates studied in detail to seven.¹ The summary table of the costs of these mandates is presented below. The balance of the report contains details on the specific mandates enacted, the cost estimates process and data sources, and the statutes governing this report.

| Mandate | FY 00 | FY 01 | FY 02 | State Resources Provided |
|--|---------------------|---------------------|---------------------|--------------------------|
| Concurrent Permanency Planning for Out of Home Placements (Page 4) | \$8,934,000 | \$8,934,000 | \$8,934,000 | Yes |
| PERA Employer Contribution Increases for Corrections Employees (Page 5) | \$3,057,098 | \$3,235,401 | \$3,536,506 | No ² |
| Special Education For Disabled Children Between 21 and 22 ³ (Page 6) | \$ 4,950,000 | \$ 4,950,000 | \$ 4,950,000 | No |
| Pursuit Training for Local Law Enforcement Officers (Page 7) | \$ 759,848 | \$ 759,848 | \$ 759,848 | Partial |
| Case Planning for Juvenile Offenders (Page 8) | Unknown | Unknown | Unknown | No |
| Bleacher Safety (Page 9) | Unknown | Unknown | Unknown | No |
| Sex Offender Registration (Page 10) | Unknown | Unknown | Unknown | Partial |
| TOTAL | \$17,700,946 | \$17,879,249 | \$18,180,354 | |

¹ The employer's contribution for PERA covered correctional employees was actually increased by mandate in three consecutive years. The cost analysis of these rate increases has been consolidated into a single analysis.

² Cities and counties receive PERA aid to offset some of their employer contribution responsibility, however, that aid program was designed for and targeted to the much larger PERA Coordinated Plan.

³ Worst case scenario based on counties assuming all special educational cost now provided by school districts. May not be effective until FY 2003.

2. Local Mandates Report Development Process

2.1. Legislative Directive

This report is being completed at the direction of the Minnesota Legislature. Minnesota Statutes 3.989, Subdivision 2, directs the Commissioner of Finance to:

“... prepare by September 1, 2000, and by September 1 of each even-numbered year thereafter, a report of the costs of local mandates established after June 30, 1997. The Commissioner shall include the statewide total of the statement of costs of local mandates after June 30, 1997, as a notation in the state biennial budget.”

The operative definition of “mandate” for this statute can be found in Minnesota Statutes 3.986, Subd. 3 which states:

“A ‘mandate’ is a requirement imposed upon a political subdivision in a law by a state agency or by judicial authority that, if not complied with, results in: (1) civil liability; (2) criminal penalty; or (3) administrative sanctions such as reduction or loss of funding.”

Subd. 4 goes on to further refine this definition by stating that, “A ‘political subdivision’ is a county or home rule charter or statutory city.”

2.2. Defining the Appropriate Local Mandate Universe

Working with the Association of Minnesota Counties (AMC) and the Metropolitan Inter-County Association (MICA), the Department of Finance (DOF) reviewed all laws passed in the 1998, 1999, and 2000 legislative sessions. These three legislative sessions were chosen because statute limits the report’s scope to mandates established after June 30, 1997.

2.3. Results

Initial review of the Session Laws of 1998, 1999, and 2000, identified many new local mandates that expanded the responsibilities of local government and/or increased the cost of services provided by local government. A complete table of these mandates organized by year enacted and chapter number can be found in Appendix A. A complete table of these mandates organized by functional area can be found in Appendix B.

Initial review by MICA, AMC, and DOF identified 23 new mandates contained in 15 separate laws. Eleven of these mandates dealt with Human Services, four dealt with Public Safety, four dealt with Corrections (generally juveniles), three dealt with retirement contributions, and one dealt with Transportation.

3. Limiting the Local Mandate Universe for this Report

3.1. Legislative Direction

The Department of Finance did not attempt to quantify every possible local mandate cost, nor was this the intention of the Legislature. Minnesota Statutes 3.989, which directs DOF to prepare this report, limits the scope of the report and excludes a series of legislative actions which might arguably be mandates. The eighteen exclusions can be found in Minnesota Statutes 3.988 and were used in this report to screen local issues that might be covered by the report.

3.2. Screening Process

Three of the exemptions listed in Minnesota Statutes 3.988 effectively screened out issues from the cost analysis prepared in this report. For a more complete discussion of which mandates were excluded by which screening criteria, see Appendix C. A summary of these issues is provided below.

- Subd. 3. (1) excludes mandates designed to accommodate specific local requests. This was relevant to one Corrections related county mandate.
- Subd. 3 (5) excludes mandates where “local costs are minor”. The statutory criteria for this exemption is quite complicated, but for the purposes of this report, DOF used the statutory language of less \$50,000 per local government if the mandate is not statewide or less than \$1,000,000 if the mandate is statewide. This criterion excluded seven individual mandates from detailed cost analysis.⁴
- Subd. 3 (8) excludes any mandate that resulted in savings that equaled or exceeded the costs of the mandate. This was relevant to three additional mandates.

In a few other cases, items were not considered relevant for this report. One Human Service mandate, enacted in 1998, was excluded from cost analysis because it was repealed in 1999 and is no longer a mandate. Two additional Human Service mandates were excluded from detailed cost analysis because we determined there were no local costs. In both cases, new services were mandated but costs could be charged to Medicaid. In essence, the state and federal government were fully funding the mandate, so there is no or negligible local cost.

Local governments may still have concern over “medicaiding” of services but it is not within the scope of this report. In general, the concern is that state law restricts the uses of additional federal funds for which they might qualify. In one instance the law directed that “any net increase in revenue to the county as a result of the change in this section must be used to provide expanded mental health services as defined ...” DOF understands that this is an important issue to counties, but believes that the issues of such arrangements are outside of the parameters of this report.

3.3. Results

After all the above screening criteria were applied, ten individual local government mandates established after June 30, 1997, remained for detailed cost analysis. The rest of this report deals with the cost analysis of those ten remaining mandates.

⁴ It should be noted that some informal cost analysis was required to determine whether minimum statutory cost thresholds were met. To accomplish this, AMC and MICA contacted selected member counties and asked for their cost experience. If the counties reported low costs, the mandate was excluded from further cost analysis.

4. Mandates Receiving Cost Analysis

4.1. Concurrent Permanency Planning for Out of Home Placement

Legal Reference: Minnesota Session Laws of 1998, Chapter 406, Art. 2, Sec. 2
Functional Area: Human Services
Local Governments Affected: Counties

Description of Mandate: Directs the Commissioner of Human Services to establish guidelines for a Concurrent Permanency Planning Process for children being considered for placement outside of their home. It also directs local social service agencies (counties) to develop alternative Permanency Plans while trying to reunify children and family. The goal of the Permanency Planning is to achieve early permanency for children, reduce the amount of time in foster care, and reduce the number of moves experienced by children facing out of home placement.

Source(s) of Data: Local Impact Note on HF 2985-2E, SF 2682-2E,
Child Welfare Reform (March 18, 1998)

Cost Analysis: In 1998, the County Local Mandates Advisory Committee (CLMAC) determined which section of the Child Welfare Reform initiative had the greatest potential impact on counties.⁵ The statewide cost estimates in that note represent counties covering 87% of the state's population.

CLMAC used Department of Human Services data that assumed 51% of the eligible children under eight would receive concurrent planning. It assumes \$60,000 per worker (salary, fringe, support, etc.) It assumed an addition .5 staff per caseload to implement. DOF also adjusted this number to include expected county attorney and public defender costs that generally were not included in county responses.

CLMAC determined that the cost to the counties would be \$8.8 million annually starting July 1, 1999.

| | FY 99 | FY 00 | FY 01 | FY 02 |
|---------------------|-------|-------------|-------------|-------------|
| Permanency Planning | NA | \$8,934,000 | \$8,934,000 | \$8,934,000 |

Additional Comments: This local mandate was financed by the state and was not projected to increase local costs. In the bill that created permanency planning, Article 5, Sec 1 directed that up to \$9.3 million of an anticipated \$10 million increase in Family Preservation Program could be used by counties to fund these activities. That funding can be found in Chapter 407, Art 1, Sec 2 which appropriated an additional \$10 million dollars from Federal TANF money.

⁵ A copy of the complete 1998 Local Impact Note on Child Welfare Reform explaining process and techniques can be obtained by contacting the Department of Finance.

4.2. PERA Contribution Increase (3 separate actions)

Legal Reference: Minnesota Session Laws of 1998, Chapter 390, Art. 9, Sec. 1
 Minnesota Session Laws of 1999, Chapter 222, Art. 2
 Minnesota Session Laws of 2000, Chapter 416, Art 10, Sec. 2

Functional Area: Pensions

Local Governments Affected: Mostly Counties, Limited Cities

Description of Mandate: These mandates created separate treatment for local government correctional employees within the Public Employee Retirement Association (PERA) system. The mandates created preferential benefits and higher contribution rates for both employers and employees.

These mandates changed the employer contribution rate as follows:

- 4.75% to 5.06% (effective 1/7/99)
- 5.06% to 8.75% (effective 1/7/99)
- 8.75 to 9.02% (effective 1/1/02).

For clarity, we will examine the cost of these changes in aggregate.

Source(s) of Data: PERA and DOF Biennial Budget System (BBS)⁶

| | | FY 99 | FY 00 | FY 01 | FY 02 |
|--|----|---------------|---------------|---------------|-------------------------|
| PERA Annual Contribution Estimate (BBS) | NA | \$ 10,870,000 | \$ 11,957,000 | \$ 13,153,000 | |
| Participants | | 2700 | 2781 | 2830 | 2860 |
| Annual Salary | \$ | 27,482 | \$ 27,482 | \$ 28,581 | 29,725 |
| DOF Annual Contribution Estimate | \$ | 7,434,980 | \$ 11,143,121 | \$ 11,793,036 | \$ 12,607,303 |
| DOF Est/PERA Est | | | 98% | 101% | 104% |
| Employee Cont Rate (4.75% FY 98) | | 4.96% | 5.83% | 5.83% | 5.92% <i>6 mo blend</i> |
| Employer Cont Rate (4.75% FY 98) | | 5.06% | 8.75% | 8.75% | 8.91% <i>6 mo blend</i> |
| Change from 1998 Employer Contribution Rate | | 0.31% | 4.00% | 4.00% | 4.16% |
| Employer Cost Increase Due to Rate Increases | \$ | 230,024 | \$ 3,057,098 | \$ 3,235,401 | \$ 3,536,506 |

Cost Analysis: PERA reported that as of June 30, 2000, there were 2,781 participants in the Correctional Plan and that the average annual salary for these plan participants was \$27,482. DOF added an estimate of salary growth (4% annual) and limited participant growth for future years. The inflation and participant growth allowed DOF to come very close to PERA estimates for future contributions within the DOF BBS.

Additional Comments: There was internal discussion about excluding actions from the report under the MS 3.988 "designed to accommodate local request" exemption. While an association representing specific local employees did initiate these legislative actions, individual cities/counties did not, so DOF decided to include the analysis in the report. Unknown if cities and counties supported or opposed legislation.

⁶ It should be noted that the Correction Plan did not become separate plan until June 30, 1999. Therefore, information for FY 99 is a retroactive estimate for a segment within the larger general plan.

4.3. Shifting 14 Months of Disabled Training Costs to Counties

Legal Reference: Minnesota Session Laws of 1999, Chapter 123, Sec. 5
Functional Area: Human Services
Local Governments Affected: Counties

Description of Mandate: Prior to this legislative action, public school districts were required to provide special instruction and training and education programs to disabled "children" until the September after their 22nd birthday. This action reduces that age to July after their 21st birthday, a 14 month period.

The counties contend that this shifts 14 months of the special services requirement to them.

Source(s) of Data: Children, Families, and Learning (CFL)

Cost Analysis: Counties did not provide any actual experience data, so we used information from CFL to develop a "worst case" cost scenario. The basic assumption is that counties would have to pick up all of the cost the schools are now providing. For example, the counties might "contract back" to public schools.

CFL reported that, according to the 1999 child count, public schools were serving the special education needs of 298 student over the age of 21. Roughly half were served by their home district while the rest were served outside their home district. CFL also reported that roughly 66% were served at a level 4 or greater "setting". The setting level is an indication of the amount of service required and therefore, the setting level can be used as a surrogate for expense of service.

| Service Setting Level | Number of Served Children Over 21 | Average Annual Cost for Individual | Annual Cost for Group |
|-----------------------|-----------------------------------|------------------------------------|-----------------------|
| 1 - 3 | 101 | \$ 10,000 | \$ 1,010,000 |
| 4 or higher | 197 | \$ 20,000 | \$ 3,940,000 |
| TOTAL | 297 | | \$ 4,950,000 |

Additional Comments: There is ambiguity as to when this requirement becomes effective for counties. The law states
"Sections 1, 2, 5 to 18, 20, and 21 are effective July 1, 1999, except that the requirement under section 3 to provide special instruction and services until the child with a disability becomes 21 years old, instead of 22 years old, is effective July 1, 2002. Sections 3 and 4 are effective July 1, 2002."
It is possible that the counties may not be asked to bear any additional costs until fiscal year 2003.

4.4. Police Pursuit and Emergency Vehicle Operation Training

Legal Reference: Minnesota Session Laws of 1999, Chapter 216, Art. 5, Sec. 7
Functional Area: Public Safety
Local Governments Affected: Cities and Counties

Description of Mandate: This mandate required the Peace Officers Standards and Training (POST) Board to develop a standardized in-service training program for police pursuit activities. It also required local law enforcement official to send full and part-time peace officers likely to be involved in pursuits to pursuit training and renew the training every three years.

Source(s) of Data: POST Board

Cost Analysis: The POST Board supplied the following data based on actual FY 2000 training experience, and the expense reports submitted by 1,840 officers eligible for reimbursement taking the pursuit training.⁷

| Cost Category | Total Expenditures Reported |
|----------------------------|-------------------------------|
| Training Course Costs | \$ 338,825 |
| Salary (while in training) | \$ 356,863 |
| Lodging and meals | \$ 26,213 |
| Transportation | \$ 13,780 |
| Other | \$ 24,167 |
| TOTAL | \$ 759,848⁸ |

Additional Comments: The same law that created this training requirement also appropriated \$300,000 annually to the POST Board to help reimburse local officers for the expenses associated with training. Post reported that in FY 2000 county sheriffs received \$92,101 in reimbursements while local police received \$207,899.

It is also important to point out that many local agencies were training their employees before this actual mandate took effect. Therefore, it is difficult to determine new costs from old costs.

⁷ POST Board acknowledged that these cost estimates may be somewhat understated because some local agencies began taking this training before reimbursement (therefore expense report data) became available on July 1, 1999. In addition, some officers may not have reported full costs because they knew final reimbursement would only cover a portion of the actual costs.

⁸ Annual local costs of less than \$1,000,000 statewide means that DOF could have excluded this item from the report under the MS 3.988 exception criteria. However, because the costs may be somewhat understated and because the final figure was close to \$1,000,000, DOF chose keep the analysis in the report.

4.5. Case and Transition Service Plans for Juvenile Offenders

| | |
|-----------------------------|--|
| Legal Reference: | Minnesota Session Laws of 1999, Chapter 216, Art. 6, Sec. 11 & 12 |
| Functional Area: | Corrections |
| Local Governments Affected: | Counties |
| Description of Mandate: | Under this law, counties are required to develop specific case plans for juveniles facing out-of-home placement that is expected to exceed 30 days, and to monitor transitional service plans after the juvenile returns to the community. |
| Source(s) of Data: | No useable data source ⁹ |
| Cost Analysis: | None |
| Additional Comments: | None |

⁹ Continued inquiries to counties through the associations produced no useable estimates of cost.

4.6. Bleacher Safety

| | |
|-----------------------------|---|
| Legal Reference: | Minnesota Session Laws of 1999, Chapter 250, Sec. 62 |
| Functional Area: | Public Safety |
| Local Governments Affected: | Cities and Counties |
| Description of Mandate: | Places minimum standards on both new and existing bleachers, specifically how much open space is allowed between bleacher seat levels above ground. It requires the owners of non-compliant bleachers to take corrective action. It also requires local building officials to enforce the new regulations and do periodic inspections. |
| Source(s) of Data: | No useable data source ¹⁰ |
| Cost Analysis: | None |
| Additional Comments: | <p>The year following this mandate, Chapter 417 was passed. This law relaxed some of the restrictions of the 1999 mandate.</p> <p>The bleacher safety requirements apply to both publicly and privately owned bleachers. MS 3.988, Subd 3, (16) provides a local cost note exemption to laws that "require uniform standards to apply to public and private institutions without differentiation." DOF included this analysis because the term institution was somewhat confusing in this case and because the vast majority of bleachers are on public property.</p> |

¹⁰ Inquiries to local governments produced a small number of anecdotal cases on upgrading bleachers. However, there was no consistency to the cases, nor was there a sufficient number to make a reasonable estimate for statewide costs.

4.7. Sex Offender Registration

| | |
|-----------------------------|--|
| Legal Reference: | Minnesota Session Laws of 2000, Chapter 311, Art. 2, Sec. 1-7 |
| Functional Area: | Public Safety |
| Local Governments Affected: | Counties and Cities |
| Description of Mandate: | Additional requirements were placed on local governments regarding predatory offender registration. The mandate increased the number of sex offenders covered by the law, and increased the complexity of the registration and monitoring process for local officials. |
| Source(s) of Data: | No useable data source ¹¹ |
| Cost Analysis: | None |
| Additional Comments: | Over \$5,000,000 was appropriated to the Commissioner of Corrections in FY 01 to implement the provision of this mandate. That money went though to local governments mostly in the form of additional probation officers. In addition, almost \$10,000,000 was appropriated within the bill to begin implementing the criminal justice information technology necessary to share information. \$1,000,000 of this total was intended to be grants to local governments. |

¹¹ Continued inquiries to counties through the associations produced no useable estimates of cost.

- 5. Appendices
 - 5.1. A: Mandates by Year
 - 5.2. B: Mandates by Functional Area
 - 5.3. C: Mandate Excluded by Statutory and DOF Screen
 - 5.4. D: Statutes relevant to Local Mandate Report
 - 5.4.1. Minnesota Statutes 3.986
 - 5.4.2. Minnesota Statutes 3.988
 - 5.4.3. Minnesota Statutes 3.989

Appendix A: Mandates by Year

| | Topic | Year | Chapter/ Cite | Description | Note |
|---------------|-------------------------------------|------|------------------------------------|---|--|
| Corrections | Civil Commitment | 1998 | Ch 313 Sec 22 | Counties required to bear the costs of confining patients in civil commitment hearings under certain limited conditions | Requested by county sheriff's as a means of reducing transportation costs and increasing officer safety. Fiscal Note predicts cost savings. |
| Human Service | Child Welfare Reform | 1998 | Ch 406 Art 2 Sec 2 | Out of home placement requirements | |
| Human Service | Child Welfare Reform | 1998 | Ch 406 Art 1 Sec 22 | Counties required to do background checks in all adoption cases | |
| Human Service | Child Welfare Reform | 1998 | Ch 406 Art 1 Sec 34 | Required specific procedures in determining grounds for terminating parental rights. | Repealed following year (Laws 1999, Ch 139, Art 4, Sec 3) |
| Human Service | Medical Assistance | 1998 | Ch 407 Art 4 Sec 25 | New requirements for mental health case management and assistance payments for mental health cases | Legislation also directed the commissioner to add money (specific formula) to each counties mental health grants in 1999 and make it part of the base grant in future years. Direct that net increases in grant had to be used for mental health services. |
| Pensions | PERA Employer Contribution Increase | 1998 | Ch 390 Art 9 Sec 11 | Employer contribution increased for correctional service employees from 4.75% to 5.06% | PERA Rate Increase Aid initiated in 1997 (Laws 1997, Ch 233, Art 1, Sec 15) begins. |
| Corrections | Juvenile Females | 1999 | Ch 216 Art 4 Sec 7 | Adds juvenile female per diem costs to costs commissioner of corrections can bill to counties. | Because the states' female juvenile facility at Sauk Centre was closed, no juvenile females are under the custody of the commissioner of corrections, and no costs have been billed to the counties. |
| Corrections | Juvenile Offenders | 1999 | Ch 216 Art 6 | Counties required to develop written policies for classifying juvenile offenders, case plans for juvenile offenders whose out of home placement may exceed 30 days, and monitoring transitional service plans. | |
| Human Service | Instruction for Disabled Children | 1999 | Ch 123 Sec 5 | Reduces by fourteen months amount of instructional services a school district must provide for certain disabled children (up to 21 years of age). Continuing training costs generally picked up by the county. | |
| Human Service | ICF/MR Needs Planning | 1999 | Ch 245 Art 3 Sec 10 | Counties must complete an ICF/MR local systems need planning process by May 15, 2000 and every two years thereafter | |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 4 Sec 61 | Requires counties to submit a request and plan for Home and Community Based Services Partnerships funds. Increases the amount of funding available so placement waiting lists for mentally retarded citizens can be reduced. | Partial funding made available through Commissioner of Human Services (Laws 1999, Ch 245, Art 4, Sec 61, Subd 1) |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 6 Sec 80 | Counties required to pay 12% of any future federal TANF sanctions. Requires commissioner to report to counties on MFIP caseload management within the county. | No TANF sanctions to date. No TANF sanctions expected. |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 8 Sec 9 | Counties required to provide specific residential services for severely disturbed children. Cost of these additional services are largely covered by State and federal Medicaid funds. Legislation also specifies how any additional federal income earned by counties as a result of these changes shall be spent. | |
| Pensions | PERA Employer Contribution Increase | 1999 | Ch 222 Art 2 | Establishes a separate retirement plan within PERA for correctional service employees and increases employer contribution from 5.06% to 8.75% | PERA Aid statute modified so PERA aid could not be reduced as a result of shifting correctional employees from general plan to correctional plan. (Laws 1999, Ch 222, Art 2, Sec 3) |
| Public Safety | Enhanced DWI Penalties | 1999 | Ch 194 Sec 3 | Creates stricter penalties for DWI violations which could mean increased court costs and increased county jail costs for counties. | Eliminated distinction of (more costly) "enhanced gross misdemeanor" |
| Public Safety | Pursuit Training | 1999 | Ch 216 Art 5 Sec 7 Subd 5 | Requires development of standardized pursuit training and requires local law enforcement official to participate in that training. | Same bill also contains a \$300,000 annual appropriation to the POST board to help reimburse local officials for pursuit training costs (Art 1, Section 11) |
| Public Safety | Bleacher Safety | 1999 | Ch 250 Art ____ Sec 62 | Required public and privately owned bleachers to be upgraded to specific standards. | 2000 law moderated requirements and cost potential (Laws 2000, Ch 417) |

| | Topic | Year | Chapter/ Cite | Description | Note |
|---------------|--|------|----------------------------|--|--|
| Corrections | Juvenile Offenders | 2000 | Ch 488 Art 7 Sec 2 | County charged for a portion of per diem cost of juvenile offenders placed with Commissioner of Corrections . | Actually reduced billing cap from 100% to 65% of per diem costs for one year. Sec 3 of this law created a grant program to counties for juvenile residential treatment, but the appropriations section of the bill reduced the grant for these costs by \$1.9 million in 01. |
| Human Service | Child Support Payments | 2000 | Ch 488 Art 10 Sec 4 | Required counties to implement changes in the delivery of child support and maintenance payments. | |
| Human Service | Medical Education and Research Fund | 2000 | Ch 488 Art 9 Sec 25 | Reduces county MA and GAMC capitation base rates, and transfer portion of previous base to a medical education and research fund. | Actually, law leaves metropolitan counties unchanged from previous law, while it saves money for non-metro counties by delaying the base reduction for two years. |
| Pensions | PERA Employer Contribution Increase | 2000 | Ch 416 Art 10 Sec 2 | Employer contribution increased for correctional service employees from 8.75% to 9.02% | |
| Public Safety | Sex Offender Registration | 2000 | Ch 311 Art 2 Sec 1-7 | Additional requirement placed on counties pertaining to sex offender registration. Increased number of offenders covered and complexity of registration process increased. | |
| Roads | Exemptions to Road restriction Weight Limits | 2000 | Ch 433 Sec 1 | Exempting certain vehicles from road weight restriction causes more damage to local roads, requiring cities and counties to spend more for local road repair. | Exemption is very small and some of the exemptions are for vehicles that provide city or county sponsored services (municipal utility and recycling). |

Appendix B: Mandates by Functional Area

| | Topic | Year | Chapter/ Cite | Description | Note |
|---------------|-------------------------------------|------|---------------------------|---|--|
| Corrections | Civil Commitment | 1998 | Ch 313 Sec 22 | Counties required to bear the costs of confining patients in civil commitment hearings under certain limited conditions | Requested by county sheriffs as a means of reducing transportation costs and increasing officer safety. Fiscal Note predicts cost savings. |
| Corrections | Juvenile Females | 1999 | Ch 216 Art 4 Sec 7 | Adds juvenile female per diem costs to costs commissioner of corrections can bill to counties. | Because the states' female juvenile facility at Sauk Centre was closed, no juvenile females are under the custody of the commissioner of corrections, and no costs have been billed to the counties. |
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| Human Service | Child Welfare Reform | 1998 | Ch 406 Art 2 Sec 2 | Out of home placement requirements | |
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| Human Service | Child Welfare Reform | 1998 | Ch 406 Art 1 Sec 34 | Required specific procedures in determining grounds for terminating parental rights. | Repealed following year (Laws 1999, Ch 139, Art 4, Sec 3) |
| Human Service | Medical Assistance | 1998 | Ch 407 Art 4 Sec 25 | New requirements for mental health case management and assistance payments for mental health cases | Legislation also directed the commissioner to add money (specific formula) to each counties mental health grants in 1999 and make it part of the base grant in future years. Direct that net increases in grant had to be used for mental health services. |
| Human Service | Instruction for Disabled Children | 1999 | Ch 123 Sec 5 | Reduces by fourteen months of amount instructional services a school district must provide for certain disabled children (up to 21 years of age). Continuing training costs generally picked up by the county. | |
| Human Service | ICF/MR Needs Planning | 1999 | Ch 245 Art 3 Sec 10 | Counties must complete an ICF/MR local systems need planning process by May 15, 2000 and every two year thereafter | |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 4 Sec 61 | Requires counties to submit a request and plan for Home and Community Based Services Partnerships funds. Increases the amount of funding available so placement waiting lists for mentally retarded citizens can be reduced. | Partial funding made available through Commissioner of Human Services (Laws 1999, Ch 245, Art 4, Sec 61, Subd 1) |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 6 Sec 80 | Counties required to pay 12% of any future federal TANF sanctions. Requires commissioner to report to counties on MFIP caseload management within the county. | No TANF sanctions to date. No TANF sanctions expected. |
| Human Service | ICF/MR Responsibilities | 1999 | Ch 245 Art 8 Sec 9 | Counties required to provide specific residential services for severely disturbed children. Cost of these additional services are largely covered by State and federal Medicaid funds. Legislation also specifies how any additional federal income earned by counties as a result of these changes shall be spent. | |
| Human Service | Child Support Payments | 2000 | Ch 488 Art 10 Sec 4 | Required counties to implement changes in the delivery of child support and maintenance payments. | |
| Human Service | Medical Education and Research Fund | 2000 | Ch 488 Art 9 Sec 25 | Reduces county MA and GAMC capitation base rates, and transfer portion of previous base to a medical education and research fund. | Actually, law leaves metropolitan counties unchanged from previous law, while it saves money for non-metro counties by delaying the base reduction for two years. |
| Pensions | PERA Employer Contribution Increase | 1998 | Ch 390 Art 9 Sec 11 | Employer contribution increased for correctional service employees from 4.75% to 5.06% | PERA Rate Increase Aid initiated in 1997 (Laws 1997, Ch 233, Art 1, Sec 15) begins. |

| | Topic | Year | Chapter/ Cite | Description | Note |
|---------------|--|------|---------------------------|--|---|
| Pensions | PERA Employer Contribution Increase | 1999 | Ch 222 Art 2 | Establishes a separate retirement plan within PERA for correctional service employees and increases employer contribution from 5.06% to 8.75% | PERA Aid statute modified so PERA aid could not be reduced as a result of shifting correctional employees from general plan to correctional plan. (Laws 1999, Ch 222, Art 2, Sec 3) |
| Pensions | PERA Employer Contribution Increase | 2000 | Ch 416 Art 10 Sec 2 | Employer contribution increased for correctional service employees from 8.75% to 9.02% | |
| Public Safety | Enhanced DWI Penalties | 1999 | Ch 194 Sec 3 | Creates stricter penalties for DWI violations which could mean increased court costs and increased county jail costs for counties. | Eliminated distinction of (more costly) "enhanced gross misdemeanor" |
| Public Safety | Pursuit Training | 1999 | Ch 216 Art 5 Sec 7 Subd 5 | Requires development of standardized pursuit training and requires local law enforcement official to participate in that training. | Same bill also contains a \$300,000 annual appropriation to the POST board to help reimburse local officials for pursuit training costs (Art 1, Section 11) |
| Public Safety | Bleacher Safety | 1999 | Ch 250 Art ____ Sec 62 | Required public and privately owned bleachers to be upgraded to specific standards. | 2000 law moderated requirements and cost potential (Laws 2000, Ch 417) |
| Public Safety | Sex Offender Registration | 2000 | Ch 311 Art 2 Sec 1-7 | Additional requirement placed on counties pertaining to sex offender registration. Increased number of offenders covered and complexity of registration process increased. | |
| Roads | Exemptions to Road restriction Weight Limits | 2000 | Ch 433 Sec 1 | Exempting certain vehicles from road weight restriction causes more damage to local roads, requiring cities and counties to spend more for local road repair. | Exemption is very small and some of the exemptions are for vehicles that provide city or county sponsored services (municipal utility and recycling). |

Appendix C: Mandate Excluded by Statutory and DOF Screen

The list of local mandates examined in this report is limited to acts after June 30, 1997. The statutory exemptions and Department of Finance screening decisions further limited this list. The subdivisions of Minnesota Statutes 3.988, subdivision 3 that are relevant for this report are discussed below.

A.) MS 3.988, Subd. 3.(1)

“accommodates a specific local request;”

One mandate was removed under this screening criteria. Laws of Minnesota 1998, Ch 313 deals with counties paying the costs of temporary confinement during civil commitment hearings. It was eliminated from consideration for this report because the mandate originated at the request of county sheriffs as a means of reducing transportation and overtime costs, and as a means of increasing officer safety. The fiscal note prepared for SF 2373, the precursor to this law estimated net savings for the counties.

B.) MS 3.988, Subd. 3, (5)

“imposes additional net local costs that are minor (an amount less than or equal to one-half of one percent of the local revenue base as defined in section 477A.011, subdivision 27, or \$50,000, whichever is less for any single local government if the mandate does not apply statewide or less than \$1,000,000 if the mandate is statewide)”

Seven mandates were removed under this screening criteria.

- Laws of Minn 1998, Ch 406, Art 1, Sec 22 – Background check for adoption cases
- Laws of Minn 1999, Ch 245, Art 3, Sec 10 – ICF/MR local needs planning
- Laws of Minn 1999, Ch 245, Art 6, Sec 80 – Counties responsible for 12% of potential TANF sanctions
- Laws of Minn 1999, Ch 194, Sec 3 – Stricter penalties for DWI
- Laws of Minn 1999, Ch 216, Art 4, Sec 7 – Per diem costs of juvenile females
- Laws of Minn 2000, Ch 488, Art 10, Sec 4 – Changes to delivery of child support and maintenance payments
- Laws of Minn 2000, Ch 433, Sec 1 – Specific exemption to road weight restrictions.

Inquiries on the costs of these specific mandates were made to selected counties through either MICA or AMC. Responses from counties indicated the cost of these mandates were minor, and did not meet the statutory cost thresholds. Based on the information provided by the counties and discussions with AMC and MICA representatives, DOF removed these mandates from the cost analysis for this report.

C.) MS 3.988, Subd. 3, (8)

“results in savings that equal or exceed costs”

Two mandates were removed under this screening criteria.

- Laws of Minn 1999, Ch 245, Art 4, Sec 61 – Requiring counties to submit plan for Home and Community Based Partnership Funding
- Laws of Minn 2000, Ch 488, Art 7, Sec 2 – County charged for per diem cost of juveniles placed with Commissioner of Corrections

In both of these instances, the counties had financial responsibility for these services under previous law. The new legislation generally tried to lessen the financial burden of those existing mandates. In the first instance, the same law made additional funds available to reduce waiting lists, and the “mandate” portion required counties to apply for those funds. In the second instance, existing law stated counties could be billed for 100% of the cost of juveniles placed with the commissioner of corrections. The law above reduced the billable amount from 100% of per diem to 65% of per diem costs. The same law also created a grant program for counties to help address juvenile residential

treatment costs, though no specific funds were appropriated to the new grant program. DOF decided that these two mandates should be excluded from consideration in this report. This decision also seems consistent with the exemption found in MS 3.988, Subd. 2.

Mandate quickly repealed

Laws of Minn 1998, Ch 406, Art 1, Sec 34, required counties to implement specific procedures when pursuing termination of parental rights. The Local Impact Note (March 18, 1998) prepared for that bill estimated the counties cost for new parental rights termination responsibilities at \$4.3 million annually. The following year, Laws of Minn 1999, Ch 139, Art 4, Sec 3, repealed the affected statute MS 260.221. DOF decided that no useful purpose would be served by costing out this mandate.

Medicaiding County Services

Two additional Human Service mandates were excluded from detailed cost analysis by DOF because we determined there were no local costs.

- Laws of Minn 1998, Ch 407, Art 4, Sec 25 – New requirements for mental health case management and assistance payments.
- Laws of Minn 1999, Ch 245, Art 8, Sec 9 – Requirements to fund specific residential services for severely disturbed children

In both cases, new services were mandated but costs could be charged to Medicaid. In essence, the state and federal government were fully funding the mandate, so there is no or negligible local cost. The counties main concern over the “medicaiding” of services is the increased federal funds available to Minnesota as a result of “medicaiding” these services. The county’s position, as expressed by AMC and MICA, is that part or all of the new federal funds available should flow back to the counties, and that counties should have discretion over spending these funds. The State, which has responsibility for federal Medicaid funds, does not always accommodate the counties concern for new funds or discretion. For example, in the second instance the law referenced also directed that “any net increase in revenue to the county as a result of the change in this section must be used to provide expanded mental health services as defined in ...” DOF understands that this is an important issue to counties, but it believes that the subject matter of concern is outside of the parameters of this report.

Appendix D: Statutes relevant to Local Mandate Report

3.986 Definitions.

Subdivision 1. Scope. The terms used in sections 3.986 to 3.989 have the meanings given them in this section.

Subd. 2. Local fiscal impact. (a) "Local fiscal impact" means increased or decreased costs or revenues that a political subdivision would incur as a result of a law enacted after June 30, 1997, or rule proposed after December 31, 1999:

(1) that mandates a new program, eliminates an existing mandated program, requires an increased level of service of an existing program, or permits a decreased level of service in an existing mandated program;

(2) that implements or interprets federal law and, by its implementation or interpretation, increases or decreases program or service levels beyond the level required by the federal law;

(3) that implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by its implementation or interpretation, increases or decreases program or service levels beyond the levels required by the ballot measure;

(4) that removes an option previously available to political subdivisions, or adds an option previously unavailable to political subdivisions, thus requiring higher program or service levels or permitting lower program or service levels, or prohibits a specific activity and so forces political subdivisions to use a more costly alternative to provide a mandated program or service;

(5) that requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service, or permits an existing mandated program or service to be provided in a longer time period, thus permitting a decrease in the cost of the program or service;

(6) that adds new requirements to an existing optional program or service and thus increases the cost of the program or service because the political subdivisions have no reasonable alternative other than to continue the optional program;

(7) that affects local revenue collections by changes in property or sales and use tax exemptions;

(8) that requires costs previously incurred at local option that have subsequently been mandated by the state; or

(9) that requires payment of a new fee or increases the amount of an existing fee, or permits the elimination or decrease of an existing fee mandated by the state.

(b) When state law is intended to achieve compliance with federal law or court orders, state mandates shall be determined as follows:

(1) if the federal law or court order is discretionary, the state law is a state mandate;

(2) if the state law exceeds what is required by the federal law or court order, only the provisions of the state law that exceed the federal requirements are a state mandate; and

(3) if the state law does not exceed what is required by the federal statute or regulation or court order, the state law is not a state mandate.

Subd. 3. Mandate. A "mandate" is a requirement imposed upon a political subdivision in a law by a state agency or by judicial authority that, if not complied with, results in:

(1) civil liability;

(2) criminal penalty; or

(3) administrative sanctions such as reduction or loss of funding.

Subd. 4. Political subdivision. A "political subdivision" is a county or home rule charter or statutory city.

Subd. 5. Requiring an increased level of service. "Requiring an increased level of service" includes requiring that an existing service be provided in a shorter time.

HIST: 1997 c 231 art 11 s 1; 1998 c 389 art 16 s 1,2; 1999 c 243 art 16 s 1

3.988 Exceptions to local impact notes.

Subdivision 1. Costs resulting from inflation. A local impact note need not be prepared for increases in the cost of providing an existing service if the increases result directly from inflation. "Resulting directly from inflation" means attributable to maintaining an existing level of service rather than increasing the level of service. A cost-of-living increase in welfare benefits is an example of a cost resulting directly from inflation.

Subd. 2. Costs not the result of a new program or increased service. A local impact note need not be prepared for increased local costs that do not result from a new program or an increased level of service.

Subd. 3. Miscellaneous exceptions. A local impact note or an attachment as provided in section 3.987, subdivision 2, need not be prepared for the cost of a mandated action if the law, including a rulemaking, containing the mandate:

- (1) accommodates a specific local request;*
- (2) results in no new local government duties;
- (3) leads to revenue losses from exemptions to taxes;
- (4) provided only clarifying or conforming, non-substantive charges on local government;
- (5) imposes additional net local costs that are minor (an amount less than or equal to one-half of one percent of the local revenue base as defined in section 477A.011, subdivision 27, or \$50,000, whichever is less for any single local government if the mandate does not apply statewide or less than \$1,000,000 if the mandate is statewide);*
- (6) is a law or executive order enacted before July 1, 1997, or a rule initially implementing a law enacted before July 1, 1997;
- (7) implements something other than a law or executive order, such as a federal, court, or voter-approved mandate;
- (8) results in savings that equal or exceed costs;*
- (9) requires the holding of elections;
- (10) ensures due process or equal protection;
- (11) provides for the notification and conduct of public meetings;
- (12) establishes the procedures for administrative and judicial review of actions taken by political subdivisions;

(13) protects the public from malfeasance, misfeasance, or nonfeasance by officials of political subdivisions;

(14) relates directly to financial administration, including the levy, assessment, and collection of taxes;

(15) relates directly to the preparation and submission of financial audits necessary to the administration of state laws;
or

(16) requires uniform standards to apply to public and private institutions without differentiation.

HIST: 1997 c 231 art 11 s 3; 1998 c 389 art 16 s 5

3.989 Reimbursement to local political subdivisions for costs of state mandates.

Subdivision 1. Definitions. In this section:

(1) "Class A state mandates" means those laws under which the state mandates to political subdivisions, their participation, the organizational structure of the program, and the procedural regulations under which the law must be administered; and

(2) "Class B state mandates" means those mandates resulting from legislation enacted after July 1, 1998, that specifically reference this section and that allow the political subdivisions to opt for administration of a law with program elements mandated beforehand and with an assured revenue level from the state of at least 90 percent of full program and administrative costs.

Subd. 2. Report. The commissioner of finance shall prepare by September 1, 2000, and by September 1 of each even-numbered year thereafter, a report of the costs of local mandates established after June 30, 1997.

The commissioner shall include the statewide total of the statement of costs of local mandates after June 30, 1997, as a notation in the state biennial budget.

Subd. 3. Certain political subdivisions; report. The political subdivisions that have opted to administer class B state mandates shall report to the commissioner of finance by September 1, 1998, and by September 1 of each year thereafter, identifying each instance when revenue for a class B state mandate has fallen below 85 percent of the total cost of the program and the political subdivision intends to cease administration of the program.

The commissioner shall forward a copy of the report to the

chairs of the appropriate funding committees of the senate and the house for proposed inclusion of the shortfall as a line item appropriation in the state budget for the next fiscal year.

The political subdivision may exercise its option to cease administration only if the legislature has failed to include the shortfall as an appropriation in the state budget for the next fiscal year.

Subd. 4. Exemptions. Laws and executive orders enumerated in section 3.988 are exempted from this section.

HIST: 1997 c 231 art 11 s 4; 1998 c 389 art 16 s 6,7