

Overview of 2002 Omnibus Budget Balancing Bill

prepared by the House Research Department
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Article 1 Summary

- Summarizes appropriations, transfers, and cancellations by fund

Article 2 Family and Early Childhood Education Appropriation Adjustments

- \$3.5 million reduction in the Basic Sliding Fee general fund appropriation, beginning in FY 2003
- \$500,000 reduction in the Child Care Services Grant general fund appropriation, beginning in FY 2003
- \$3 million per year Basic Sliding Fee TANF appropriation, beginning in FY 2003
- \$500,000 increase in Child Care Assistance special revenue fund appropriation, beginning in FY 2003
- Elimination of the requirement of CFL to hire a state ABE director, beginning in FY 2002

Articles 3-4 K-12 Education Appropriation Adjustments and K-12 Forecast Adjustments

- Overall, K-12 appropriations are cut \$15 million for the current biennium (02-03) and \$30 million in the following biennium (tails reduction)
- Current biennium reductions include
 - \$6,650,000 in reductions to the department of children, families and learning agency budget;
 - \$1,900,000 due to limiting a pupil to not more than 1.5 pupils in average daily membership;

- \$1,300,000 reduction in the alternative teacher compensation pool:
 - \$1,300,000 reduction in best practices grants:
 - \$1,000,000 reduction in the appropriation to contract for school evaluation services:
 - \$1,000,000 reduction in funding for advanced placement/international baccalaurate (AP/IB) programs: and
 - \$750,000 reduction to the center for arts education
- ▶ Property taxes for school districts are increased by a total of \$18.5 million for taxes payable in 2003. This increase includes \$12.6 million for career and technical program funding (this is new revenue for school districts to spend) and \$5.9 million in higher integration levies which are offset by lower state aid for integration programs (revenue remains unchanged). \$3.5 million reduction in the Basic Sliding Fee general fund appropriation, beginning in FY 2003

Article 5 Higher Education

- ▶ Reduces general fund appropriations by \$50 million
- ▶ Reduces general fund appropriations to the Higher Education Services Office (HESO) by \$3.7 million
 - Adds \$4.5 million to the State Grant Program for need based scholarships and makes reductions to other scholarship programs
 - Reduces the other programs administered by HESO and agency administration
- ▶ Reduces general fund appropriations to the Minnesota Colleges and Universities (MnSCU) by \$22.7 million each year
 - Reduces the base appropriation for fiscal years 2004 and 2005 by \$1.8 million each year.
 - Specifies that MnSCU should reduce administrative expenditures, reserve balances and program changes before increasing tuition
- ▶ Reduces general fund appropriations to the University of Minnesota by \$23.6 million each year
 - Reduces the base appropriation for fiscal years 2004 and 2005 by \$1.8 million each

year.

- Specifies that the University should reduce administrative expenditures, reserve balances and program changes before increasing tuition
- Prohibits any reductions in state appropriations for the extension service.
- ▶ Changes the state grant program so that the private institution tuition and fee maximums are the maximum amounts eligible for public institutions under the state grant program
- ▶ Makes technical changes the AP/IB scholarship program
- ▶ Makes changes to the Minnesota College Savings Plan to conform with federal IRS requirements
 - Increases the account maximum for the Savings Plan to the amount allowed by federal law and sets the amount at \$235,000 as the maximum for fiscal years 2002 and 2003

Article 6 Corrections

- ▶ Reduces funding for adult institutions by \$6,950,000 for the current biennium (reductions in both years) and \$16,290,000 for the 2004-05 biennium
- ▶ Reduces funding for juvenile services and management services in the second year of this biennium
- ▶ Reduces funding by \$7.948 in the second year of the current biennium for community services, reducing funding for juvenile residential treatment grants and remote electronic alcohol monitoring and eliminating funding for extended juvenile jurisdiction reimbursement grants, pretrial bail evaluation reimbursement, and the community reentry program
- ▶ Appropriates money to Clearwater county for increased probation services, which costs will be reimbursed to the state by Clearwater county
- ▶ Reduces funding for the ombudsman for corrections in the second year of the biennium
- ▶ Reduces funding for the sentencing guidelines commission in the second year of the biennium and reduces the base for the 2004-05 biennium
- ▶ Requires the commissioner of administration, in consultation with the sentencing

- guidelines commission and commissioner of corrections and human services, to issue a request for proposals in 2004 to select a vendor to house felony-level DWI offenders and provide chemical dependency treatment to them
- ▶ Reduces the penalty from a misdemeanor to a petty misdemeanor for a person who fails or refuses to provide instruction to a child or who induces the child's truancy
 - ▶ Provides that habitual truants shall be treated as children in need of protection or services only in cases where an out of home placement is sought and specifies that, in other cases, habitual truants shall be treated as petty offenders
 - ▶ Requires an offender's mental health case management services provider to participate in the pre-discharge assessment meeting that is held at least 30 days before the offender is released from a correctional facility
 - ▶ Requires correctional and social services to develop policies and practices to maximize collaborative case planning for adult and juvenile offenders who have been diagnosed with serious and persistent mental illness or a severe emotional disturbance and requires a report on this planning and mental health correctional policies and practices
 - ▶ allows correctional and social services agencies to share data on adult and juvenile offenders who have been diagnosed with severe and persistent mental illness or severe emotional disturbance
 - ▶ makes permanent the provision stating that the commissioner of corrections shall charge counties or other appropriate jurisdictions 65% of the per diem cost of confinement of juveniles at MCF-Red Wing and of juvenile females committed to the commissioner of corrections; and
 - ▶ amends the DOC study on felony-level DWI offenders to collect additional information on offenders and to require the commissioner to share preliminary information with the commissioner of administration for the purpose of issuing a request for proposals for a vendor to provide housing and chemical dependency treatment to felony-level DWI offenders

Article 7

Transportation and Public Safety and Other Agency Appropriations

Transportation

- ▶ Makes administrative cuts in MnDOT's offices of aeronautics, transit, and

railroads/waterways

- ▶ Reduces Metropolitan Council transit operating subsidies (other than Metro Mobility) by \$2.015 million, to be achieved by raising fares or reducing high-subsidy or off-peak service
- ▶ Reduces Metropolitan Council transit administrative budget by \$600,000
- ▶ Reduces Capitol Security executive protection by \$175,000
- ▶ Reduces Driver and Vehicle Services by \$200,000, but prohibits closing outstate driver exam stations

Public Safety

- ▶ Reduces the base funding for the state match of federal disaster assistance. Since it is not known how much matching money is needed each year, this can be handled by a deficiency appropriation (as done in the past)
- ▶ Reduces funding for the fire marshal by \$84,000
- ▶ Raises the fee (from \$8 to \$15) charged to certain gambling related business for conducting background checks
- ▶ Reduces funding for domestic abuse shelters and changes the funding structure from a per-diem program to a grant program beginning July 1, 2003
- ▶ Reduces funding for crime victim services staff and grants in both years of this biennium and in the next biennium
- ▶ Reduces funding for the office of drug policy and violence prevention staff and grants in both this biennium and the next biennium
- ▶ Eliminates one time funding for a model policing program relating to mental illness calls
- ▶ Eliminates the Camp Ripley weekend camp
- ▶ Eliminates grants to the violence prevention council
- ▶ Transfers unencumbered balances from the automobile theft prevention account to the general fund

- ▶ Transfers the duties of the crime victim ombudsman to the commissioner of public safety and eliminates the ombudsman's office
- ▶ Transfer a portion of the DWI driver's license reinstatement fee revenue from special revenue accounts to the general fund
- ▶ Establishes a fee for the state fire marshal to conduct hazardous installation plan reviews
- ▶ Makes certain technical corrections to last year's transportation and public safety omnibus bill
- ▶ Establishes a working group to explore criminal justice system efficiencies

Article 8 Environment and Natural Resources

- ▶ Reduces General Fund appropriations \$103,000 in 2002, and \$12,797,000 in 2003
– From other funds in the bill, there are new appropriations of \$1,988,000 in 2002, and \$4,232,000 in 2003
- ▶ Pollution Control Agency receives \$927,000 in 2002, and loses \$1,437,000 in 2003
- ▶ Office of Environmental Assistance loses \$2,049,000 from General Fund, and receives \$1,500,000 from Solid Waste Fund in 2003
- ▶ Zoological Board loses \$363,000 in 2003
- ▶ Department of Natural Resources receives \$800,000 from the Natural Resources Fund in 2002, and loses \$4,535,000 in 2003. (\$5,385,000 from General Fund, offset by \$850,000 from N.R. Fund)
- ▶ Board of Water and Soil Resources loses \$1,754,000 from General Fund in 2003
- ▶ Science Museum loses \$65,000 in 2003
- ▶ Minnesota Resources (LCMR Funds) receives \$158,000 in each year from the Environment & Natural Resources Trust Fund, and \$1,300,000 is cancelled from the Future Resources Fund to the General Fund
- ▶ Authorizes OEA Director to pay an additional solid waste processing payment to counties not eligible under current law, under certain conditions and if the waste is processed in

same county generated

- ▶ Adds M.S. 115A.545 for solid waste processing payments as an authority that a sanitary district can act on
- ▶ Directs the PCA to increase fees for water quality permits, effective the day following final enactment
- ▶ Repeals certain statutes for BOWSR grants, groundwater education and legislative reports; and Minnesota Rules on BOWSR local water protection and management grants

Article 9 Agriculture and Rural Development

- ▶ Agriculture Department and programs are cut \$879 this biennium and \$1,667,000 in the FY 2004-2005 biennium
- ▶ Ethanol producer payments remain at 20 cents per gallon through FY 2004 and are then reduced to 19 cents per gallon. This saves \$1,648,000 in fiscal year 2005.
- ▶ Several accounts with uncommitted balances are cancelled to the general fund or the debt service fund.
- ▶ AURI funding is reduced by \$800,000 per biennium
- ▶ The remaining balance in a disaster recovery fund is redirected to continue loans for on-farm manure digester projects.

Article 10 State Government Appropriations

- ▶ Requires the governor to reduce planned executive agency general fund expenditures on professional or technical service contracts by at least \$35 million during the current biennium.
- ▶ Provides that an executive or legislative branch employer may not hire any permanent or temporary employees before July 1, 2003. Requires reporting on waivers. Anticipates savings of \$40 million during the biennium, with proportional reductions in executive agency operating budgets required if necessary to achieve these savings.

Article 11 Courts

- Reduces funding for civil legal services:
- Reduces the Supreme Court's, the Court of Appeals', and the District Courts' base budgets in the next biennium:
- Reduces the base budget for Human Rights in the next biennium:
- Increases the filing fee for parties to a civil suit from \$122 to \$135; and
- Increases the filing fee for parties to a lawsuit in conciliation court.

Article 12 Economic Development

- Transfers \$13,200,000 from the general fund to the workforce development fund, in part by cancelling the \$10,000,000 BICI appropriation from last session
- Makes a variety of administrative, personnel, and other reductions across agencies and programs
- Cancels and transfers several amounts into the general fund, including money from a previous appropriation for the journey travel information system, the rural policy and development center fund, the real estate education, research, and recovery fund, and existing special revenue accounts related to the world trade conference center
- Postpones the merger of the departments of economic security and trade and economic development until July 1, 2003 at the earliest.

Article 13 Cancellations, Transfers, and Adjustments

- Eliminates inflation as a variable in the general fund and debt service forecasts
- Sets the cash flow account at a maximum \$350 million in statute and eliminates the automatic transfer of funds to the cash flow account.
- Changes the budget reserve from a specific amount of \$653 million set in statute to a

maximum amount for transfers of additional revenues

- ▶ Authorizes the use of cash in the tobacco use prevention and local public health endowment funds for general fund expenses if the commissioner determines that general fund receipts are insufficient to meet obligations
- ▶ Any money from the endowment that used to meet cash flow needs and the interest earned on the transfer must be returned to the endowment at least by the end of the biennium
- ▶ Unobligated balances cancel to the general fund:
 - budget reserve account (\$653,000,000)
 - local government aid reform account (\$14,000,000)
 - tax relief account (\$158,000,000)
 - cash flow account (\$195,000,000)
- ▶ Cancels appropriations to the TIF grant account (\$91 million in FY 02 and \$38 million in FY 03)
- ▶ Transfers assets of the assigned risk plan to the general fund (\$94.9 million)
- ▶ Transfers assets of the excess surplus account of the special compensation fund to the general fund (\$230 million)
- ▶ Reduces the appropriation for the St. Paul busway to \$4 million in FY 01 cancels the FY 02 appropriation.

Article 14

Continuing care and Long-term care

- ▶ Increases the amount raised by the surcharge on licensed nursing home beds and intergovernmental transfers from counties that own and operate nursing homes
- ▶ Requires the commissioner to provide the equivalent of a 180-day delay in reassigning slots for the MR/RC waiver, and requires new MR/RC waiver diversion slots to be authorized in January, rather than July of each year

- ▶ Requires counties, beginning January 1, 2003, to pay for 20 percent of the cost of nursing facility placements for persons with disabilities under age 65 that exceed 90 days
- ▶ Delays by one year (until July 1, 2004) implementation of a new performance based contracting system for nursing facilities
- ▶ Delays by one year (until July 1, 2003) the date for dissemination of long-term care quality profiles and also delays by one year (until July 1, 2004) the date for implementing a quality profile system for long-term care providers other than nursing homes
- ▶ Modifies the criteria and procedures for providing variable rate adjustments for ICFs/MR
- ▶ Makes other changes related to continuing and long-term care initiatives.

Article 15 Health Care

- ▶ Requires \$4.85 million each year to be transferred from the academic health center account to the commissioner of health for medical education, and requires the academic health center to receive funds for medical education equal to the amount of the transfer, plus interest earnings
- ▶ Gives the commissioner of human services authority to enter into supplemental rebate contracts with drug manufacturers, and to require prior authorization for drugs from manufacturers that have not signed supplemental rebate contracts
- ▶ Reduces MA and GAMC fee-for-service payments to hospitals for inpatient and outpatient services by ½ percent, effective July 1, 2002
- ▶ Modifies MA asset transfer requirements
- ▶ Requires a five percent withhold for prepaid MA and GAMC payments, and a ½ percent withhold for MinnesotaCare managed care payments, pending completion of performance targets
- ▶ Effective January 1, 2003, reduces prepaid MA and prepaid GAMC payment rates for nonmetropolitan counties from 89 to 87 percent of the metropolitan county rate, excluding Hennepin county
- ▶ Transfers in FY03 \$12.7 million from the University of Minnesota to the commissioner of human services, and requires the commissioner to increase capitation rates by this

amount and to transfer the same amount to the medical education and research fund. Requires the commissioner of health to transfer that amount, upon receipt, to the University of Minnesota board of regents, for clinical graduate medical education. For FY04 and beyond, increases the amount transferred to \$17.4 million

- ▶ Effective January 1, 2003, reduces MA and GAMC payments to managed care plans by ½ percent
- ▶ Eliminates language exempting certain children from MinnesotaCare premiums, for the first 12 months following termination from MA. Increases, from 150 percent to 175 percent of the federal poverty guidelines, the income limit under which children on MinnesotaCare are exempt from certain insurance barriers and qualify for reduced premiums
- ▶ Makes other changes related to DHS health care programs

Article 16 Miscellaneous Health

- ▶ Continues the operation of the Willmar and Fergus Falls regional treatment centers, while allowing for the Fergus Falls center to be downsized

Article 17 Health and Human Services Appropriations

- ▶ Contains health and human services appropriations, reductions, and riders
- ▶ Riders include:
 - a base funding reduction for state-operated services;
 - elimination of the day training and habilitation restructuring task force;
 - funding reductions for competitive grants to reduce health disparities and for community-based programs for suicide prevention; and
 - elimination of health status improvement grants