Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
K-12 Education				
Education Dept				
Property Tax Recognition Adjustment	Expenditures	0	(600,672)	(600,672)
Requires school districts to recognize a portion of their property tax receipts early and creates a one-time savings through a corresponding deferral in state aid payments. The proposal mimics the property tax recognition shift that has been used historically to create one-time savings.				
School Aid Payment Deferral	Expenditures	(1,068,593)	(101,767)	(1,170,360)
School districts will receive 73 percent of the FY 2010 entitlement in FY 2010 and the remaining 27 percent in FY 2011. This temporary reduction and deferral mimics the school aid payment shift that has been used historically to create one-time savings.				
	Education Dept Total Net Change:	**(1,068,593)**	**(702,439)**	**(1,771,032)**
Higher Education				
State Colleges & Universities				
FY 2011 Allotment Reduction	Expenditures	0	(50,000)	(50,000)
Reduces the enacted FY 2011 general fund appropriation to the Minnesota State Collegs and Universities (MnSU) system by $50 million. This will change MnSCU's general fund appropriation in that year from $665.961 million to $615.961 million (7.5%). When considering MnSCU's total general resources (appropriations plus tuition and fees), the reduction will be approximately 3.6%.				
	State Colleges & Universities Total Net Change	**0**	**(50,000)**	**(50,000)**
University of Minnesota				
FY 2011 Allotment Reduction	Expenditures	0	(50,000)	(50,000)
Reduce the enacted FY 2011 general fund appropriation to the University of Minnesota by $50 Million. This will change the University's general fund appropriation in that year from $677.311 Million to $627.311 Million (7.4%). When considering the University's total general resources (appropriations plus tuition and fees), the reduction is 3.6%.				
	University of Minnesota Total Net Change:	**0**	**(50,000)**	**(50,000)**

Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
Tax Policy, Aids and Credits				
Revenue Dept - Other				
Delay Capital Equipment Refunds	Revenues	0	63,000	63,000
Temporarily delay capital equipment sales tax refund payments to realize $63 million in savings for FY 2011. Refunds estimated to be delayed no longer than 3 months and all would be released immediately in next fiscal year starting July 1, 2011.				
Modify WI Tax Reciprocity Agreement	Revenues	35,000	70,700	105,700
This will require Wisconsin to reimburse Minnesota sooner than the current agreement that has a 17-month average delay in settlement reimbursement.				
Unallot Poltical Contribution Refund	Expenditures	(4,300)	(6,100)	(10,400)
The refund would be eliminated for any political contribution made between July 1, 2009 and June 30, 2011. Approximately 90,000 refunds are made annually.				
Cap SFIA Payments	Expenditures	0	(5,500)	(5,500)
Sustainable Forest Investment Act (SFIA) Payments would be capped at $100,000 per enrollee. This cap would impact only 4 of the 1,100 enrollees in the program for the FY 2011 payment only.				
Adjust Renters' Refund	Expenditures	0	(50,800)	(50,800)
The portion of rent used to calculate the refund would be reduced from 19% of rent paid to 15% to more accurately reflect actual property taxes paid. This would impact refunds received by 300,000 renters in 2010 calendar year only.				
Government Aids and Credits	Expenditures	(99,700)	(200,300)	(300,000)
Reductions in local government aid (LGA, county program aid and market value homestead and agricultural credit) of $99.7 million in FY 2010 and $200.3 million in FY 2011. The reduction is structured based on a jurisdictions' levy plus aid and is distributed 1/3rd to counties and 2/3rds to cities and townships. The aid payment reductions are structured to exclude the smallest and poorest tax base jurisdictions. In addition, the reductions for cities and townships include a per capita cap. No city's reduction exceeds 3.31 percent of annual aid plus levy for 2009, and 7.64 percent of annual aid plus levy for 2010. No township's reduction exceeds 1.74 percent of annual aid plus levy for 2009, and 3.66 percent of annual aid plus levy for 2010. Cities and townships under 1,000 population and with a tax base below average would not receive any aid reductions (454 of smallest cities and 629 of townships excluded from aid reductions). 5 counties with population of approximately 5,000 or less would not receive an aid reduction. No county would receive an aid reduction of more than 1.19 percent of each county's annual aid plus levy for 2009, and a reduction of no more than 2.41 percent for 2010.				
Revenue Dept - Other Total Net Change:		**(139,000)**	**(396,400)**	**(535,400)**
Health and Human Services				
Human Services Dept				
Suspend ICF/MR Occupancy Rate Adjust.	Expenditures	(225)	(225)	(450)
Temporarily suspends, for FY 2010 and FY 2011, adjustments to the ICF/MR base residential rate that are based on a facility's unoccupied beds.				

Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
Health and Human Services				
Human Services Dept				
Reduce County Mental Health Grants	Expenditures	(5,000)	(3,100)	(8,100)

Most counties use these state grants to pay for part of the non-federal share of MA adult mental health Targeted Case Management. This reduction reflects a reduced need for these funds due to a temporary reduction in the non-federal share of MA under the federal stimulus bill (ARRA).

Eliminate 3 Chemical Dependency Grants	Expenditures	(693)	(693)	(1,386)

Temporarily eliminates state funding for three legislatively designated special projects relating to chemical dependency treatment in certain counties. These projects will be able to apply for competitive federal funds in July 2010.

Cap Chemical Dependency Payment Rates	Expenditures	(3,622)	(3,622)	(7,244)

Temporarily reduces maximum rate to 150% of the average rate, for each type of Chemical Dependency (CD) treatment. Current law requires DHS to develop a new rate methodology for CD treatment that incorporates a reimbursement scale that is based on a patient's level of acuity and complexity. This action has no impact on the mandated redesign of the rate structure for CD treatment.

Restructure State Operated Services	Expenditures	(422)	(4,588)	(5,010)

DHS has initiated a plan to best meet the established needs of SOS clients by transforming SOS into a statewide specialty health care system. This will lead to a reduction of $5 million in expenses within the state-operated services system and to an improvement in collections. The Minnesota Sex Offender Program will not be impacted by these changes.

Child Support Enforcement County Grants	Expenditures	(3,400)	(3,400)	(6,800)

In FY 2010 and FY 2011, eliminates all state grants to counties used for 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. Through the federal stimulus bill counties are eligible to receive new federal matching funds for child support incentive payments; the stimulus funds will offset the loss of the unalloted state funds.

Elimimate Carry-Forward of AICW Grant	Expenditures	(800)	0	(800)

Reduce $800,000 in unspent grant funds from FY 2009 that the legislature authorized to be carried forward and spent in FY 2010 for the American Indian Child Welfare (AICW) initiative that assists tribes to provide child welfare services to American Indian children. The reduction does not impact base funding for the two grantee tribes (White Earth and Leech Lake reservations).

Reduce Children & Community Serv. Grants	Expenditures	(16,900)	(22,300)	(39,200)

In FY 2010 and FY 2011, reduce block grant funds to counties by 25% in FY 2010 and 33% in FY 2011. Counties use these flexible monies to help purchase or provide social service programs for children, adolescents and other individuals. This reduction does not impact related federal Title XX block grant funding counties receive for social services.

Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
Health and Human Services				
Human Services Dept				
Eliminate Emergency GA/MSA	Expenditures	(6,000)	(9,000)	(15,000)

Effective Nov 1, 2009 and through June 30, 2011, eliminate grants to counties for low-income and disabled individuals or families to provide basic need items for emergency situations, most often related to housing or utilities. Under current law these benefits are available once per year out of a capped allocation to counties. This unallotment action is mitigated by the availability of federal stimulus money, including the newly-enacted state expansion of emergency assistance funded through TANF stimulus funds.

Elim. Special Diet Funding-MSA Grants	Expenditures	(2,133)	(3,200)	(5,333)

Effective Nov 1, 2009 and through June 30, 2011, eliminates supplemental special needs payments to Minnesota Supplemental Aid (MSA) recipients for medically prescribed diets. This reduction does not affect a recipient's monthly base grant amount.

GRH--5% Supp. Service Rate Reduction	Expenditures	(730)	(1,100)	(1,830)

Effective November 1, 2009 and through June 30, 2011, reduces the GRH supplementary service rate by 5%. This is a supplemental payment for services that is only paid in GRH specific settings, where it is added to the GRH base room and board rate. Providers receiving similar funding through MA are not eligible for this supplement. Providers affected by this reduction include homeless shelters, board and lodge homes with special services, and housing for long-term homeless individuals and families. This reduction does not affect the base GRH payment rate.

Elim. Funding for Redesign Council	Expenditures	(350)	0	(350)

Eliminates one-time funding that a new council of legislators, DHS representatives, and county representatives would distribute to envisioned human services delivery authorities to carry out county human service redesign requirements.

Suspend Construction Projects, Grant Red	Expenditures	(3,600)	(3,600)	(7,200)

Temporarily eliminates funding to provide matching grants for new construction, renovation or remodeling of existing buildings used to provide affordable services for older adults. This action delays funding for future planned projects. The funding pool for competitive grants in support of community services is also reduced by 20% over the biennium.

Delay Continuing Care Grant Payments	Expenditures	0	(2,500)	(2,500)

Delays payment of all continuing care grants by one month. Grant contracts would be implemented August 1, 2009.

Limit ICF/MR Variable Rates	Expenditures	(182)	(700)	(882)

Limits variable rate payment adjustments to ICF/MR facilities (residential facilities serving persons with developmental disabilities). Variable rate adjustments are provided to certain facilities caring for clients with special needs. Variable rate adjustments are not a permanent part of a facility's rate; they are typically time-limited. This freezes these adjustments for FY 2010, so that no new variable rates are provided but existing ones are continued until FY 2011. The variable rate adjustments are then suspended for FY 2011.

Reduce PCA Worker Hours to 275/Month	Expenditures	(2,900)	(4,640)	(7,540)

Reduces the funding level for Personal Care Attendant (PCA) services. This action will be implemented by lowering the cap on the number of hours one Personal Care Attendant (PCA) can work from the newly-enacted maximum of 310 hours per month to a maximum of 275 hours per month.

Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
Health and Human Services				
Human Services Dept				
Suspend Nursing Facility Rebasing	Expenditures	(3,420)	(2,520)	(5,940)

Suspends funding for rebasing (a recent change to the method of setting payment rates for nursing facilities that was to be phased in over eight years) for FY 2010. The 2009 legislature already suspended rebasing for FY 2011-2013. This does not reduce current rates paid to nursing facilities; the cost savings occur from not providing rate increases that were otherwise expected to be given in FY 2010.

Add'l 1.5% Reduction - Non-Primary Care	Expenditures	(2,100)	(2,775)	(4,875)

Temporarily reduces, by an additional 1.5 percent, fee-for-service rates paid to providers and vendors of basic care services under MA and GAMC in FY 2010 and FY 2011. This reduction does not apply to inpatient hospital services, physician and professional services, family planning services, mental health services, dental services prescription drugs and medical transportation. Managed care rates are to be reduced proportionally to reflect the reduction.

Add'l 1.5% Reduction - Specialists	Expenditures	(1,905)	(2,445)	(4,350)

Temporarily reduces, by an additional 1.5 percent, fee-for-service rates paid for physician and professional services in FY 2011. This does not apply to office and outpatient services, preventive medical services and family planning services provided by certain primary care specialties. Managed care rates are to be reduced proportionally to reflect the reduction. With this additional ratable reduction the state's MA fee schedule for specialty care services would remain above the national average.

Elim. MA Critical Access Dental Payments	Expenditures	0	(6,200)	(6,200)

Temporarily suspends the MA add-on payment for critical access dental (CAD) providers, effective April 1, 2010. Critical Access Dental add-on payments will continue to be paid in the MinnesotaCare program. CAD providers currently receive higher reimbursements than other dental providers; the CAD add-on in current law is 30% for MA and 50% for MinnesotaCare.

Elim. GF Funding for Outreach Incentives	Expenditures	0	(3,400)	(3,400)

For FY 2011, temporarily suspends the General Fund appropriation for the Outreach Incentive program, as well as the funding for corresponding enrollment impacts. This program provides funding to community agencies that assist persons in applying for Minnesota's public health care programs. The Outreach Incentive program is currently funded with a combination of General Fund and Health Care Access Fund monies; the Health Care Access Fund appropriation for this program will continue.

Aligning Asset Limits	Expenditures	0	(6,100)	(6,100)

Beginning January 1, 2011, temporarily eliminates the difference in asset limits between parents and elderly and disabled persons. The asset limit for parents will be reduced to the point that they are equal to the current limits for elderly and disabled persons: for a single person from $10,000 to $3,000 and for a household of two or more from $20,000 to $6,000.

Refinance Transitional MnCare from HCAF	Expenditures	(37,500)	0	(37,500)

Temporarily suspends General Fund spending on the Transitional MinnesotaCare program. Under current law the first two months of Transitional MinnesotaCare are paid by the General Fund. Eligible recipients will continue to receive six months of health care coverage under Transitional MinnesotaCare, but all six months will be paid through the Health Care Access Fund (HCAF), until enrollment in GAMC is ended.

Proposed Unallotments & Administrative Actions

General Fund by Omnibus Bill and Agency

($ in Thousands)

		FY 2010	FY 2011	FY 2010-11
Health and Human Services				
Human Services Dept				
End GAMC Effective March 1, 2010	Expenditures	(15,000)	0	(15,000)
This ends GAMC coverage one and one-half months sooner than would have occurred as a result of the line-item veto of GAMC funding for FY 2011.				
Reduce MnDHO Rates	Expenditures	0	(2,000)	(2,000)
This action establishes a more gradual change in the rate adjustments needed to meet budget neutrality requirements for the Minnesota Disability Health Options (MnDHO) program, by reducing managed care payment rates more quickly than is otherwise specified in the newly-enacted budget bill.				
Increase Managed Care Withhold to 9.5%	Expenditures	(3,800)	(8,400)	(12,200)
Implements an additional 1.5% managed care withhold starting on Jan. 1, 2010. The newly-enacted budget bill phases in an increased withhold over three years. This action has the effect of implementing the additional withhold percentage all at once, rather than phasing it in.				
Additional Inpatient Hosp. Payment Delay	Expenditures	0	(5,500)	(5,500)
Defers inpatient payments to hospitals that otherwise would occur in June 2011 until July 2011. The newly-enacted budget bill delayed most of the payments for June 2011 until July 2011; this action will defer the remainder of the payments.				
Add'l Non-inpatient Acute Payment Delay	Expenditures	0	(23,400)	(23,400)
Defers fee-for-service payments for acute care services that otherwise would be made to providers in June 2011 until July 2011. The newly-enacted budget bill already delayed one of the two rounds of payments scheduled for June 2011 until July 2011; this action defers the second round.				
Human Services Dept Total Net Change:		**(110,682)**	**(125,408)**	**(236,090)**
State Government				
Statewide				
Agency Operating Reductions	Expenditures	(16,500)	(16,500)	(33,000)
Represents a reduction to most state agency operating budgets of approximately 2.25 percent for the biennium. Areas exempted include public safety, military and veterans affairs, corrections, and State Operated Services within the Department of Human Services.				
Statewide Total Net Change:		**(16,500)**	**(16,500)**	**(33,000)**

Proposed Unallotments & Administrative Actions

General Fund Summary by Omnibus Bill

($ in Thousands)

	FY 2010	FY 2011	FY 2010-11
K-12 Education			
Revenues	0	0	0
Expenditures	(1,068,593)	(702,439)	(1,771,032)
Higher Education			
Revenues	0	0	0
Expenditures	0	(100,000)	(100,000)
Tax Policy, Aids and Credits			
Revenues	35,000	133,700	168,700
Expenditures	(104,000)	(262,700)	(366,700)
Health and Human Services			
Revenues	0	0	0
Expenditures	(110,682)	(125,408)	(236,090)
State Government			
Revenues	0	0	0
Expenditures	(16,500)	(16,500)	(33,000)
REPORT TOTALS:			
Revenues	**35,000**	**133,700**	**168,700**
Expenditures	**(1,299,775)**	**(1,207,047)**	**(2,506,822)**
NET CHANGE	**($1,334,775)**	**($1,340,747)**	**($2,675,522)**