

Governor's Supplemental Recommendations

Dollars in Millions

	<u>FY 2010-11</u>
Forecast Deficit	1,203
Budget Changes	
Aid to Local Units of Government	250
Health & Human Services	347
Extended Federal Medicaid Match	387
Higher Education Institutions	47
State Agencies/Grants/Other	181
Subtotal, Recommendations	<u>1,212</u>
Biennial Balance	9
Forecast Deficit: FY2012-13	5,426
Recommended Changes	2,994
Remaining Deficit	<u>2,432</u>

February 15, 2010

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Tax Policy, Aids and Credits

Revenue Dept - Other

Supplemental

Angel Investment Credit

General	Non-Dedic Receipt	0	(10,000)	(10,000)	(10,000)
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This recommendation is a new tax credit for angel investments to stimulate the formation of early-stage capital in new and emerging businesses. This creates a 25 percent tax credit for investments in qualified businesses. The tax credits are capped at \$5 million in tax year 2010 and \$10 million in tax year 2011 and thereafter.

Corporate Franchise Tax Reduction

General	Non-Dedic Receipt	0	(10,000)	(50,000)	(100,000)
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This proposal reduces the current corporate tax rate from 9.8 percent which is one of the highest in the nation to 7.8 percent. The proposal would reduce the rate over a 4 year period by 0.5 percent per year beginning tax year 2011 until the tax rate is 7.8 percent in 2014 and thereafter. The alternative minimum tax rate would also be reduced proportionately and the minimum fee would not be changed.

MN Business Investment Company Credit

General	Non-Dedic Receipt	0	0	0	0
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This recommendation creates a \$100 million capital pool for investing in qualified small, emerging and green businesses. The program will provide an 80 percent tax credit for insurance companies investing in small business investment companies that make targeted investments. The program is modeled after certified capital company (CAPCO) programs.

The general fund fiscal impact of the proposal begins in FY 2014 and continues until FY 2018.

Research and Development Credit

General	Non-Dedic Receipt	0	0	(7,400)	(26,600)
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This proposal includes various changes to encourage businesses to undertake research and development within Minnesota. The current corporate research and development credit percentage is increased from 2.5 percent to 5 percent on qualified R&D expenditures of more than \$2 million to make it the same percentage as current law for expenditures under \$2 million. The credit would now be refundable. The proposal would extend the R&D credit to flow-through entities. A base year percentage of 16 percent would be allowed for taxpayers without the documentation for the base years of 1984-88.

TechZ

General	Non-Dedic Receipt	0	0	(3,600)	(7,000)
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Qualifying businesses could enter the TechZ program between 2011 and 2015. Zones may be located in both metro and non-metro counties. New businesses located outside the metro would be eligible for up to ten years worth of tax benefits while metro new businesses would be eligible for up to five years worth of tax benefits. Tax benefits include a two year sales tax exemption (three years for construction-related purchases), a five year job creation tax credit on net new jobs, and ten year exemptions (five year in metro) from property and income taxes.

CarZ

General	Non-Dedic Receipt	0	0	0	0
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Using the foundation of the successful JOBZ program in greater Minnesota, a new CARZ program (Creating Automotive Recovery Zone) will, in concert with local assistance, provide significant tax benefits for Ford Motor Company or another company to manufacture vehicles in St. Paul. This proposal will not have a general fund impact until after FY 2013.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Tax Policy, Aids and Credits</u>					
Revenue Dept - Other					
Business Non-Passive Income Exclusion					
General	Non-Dedic Receipt	0	0	(37,900)	(80,300)
<p>To provide various business owners with a greater ability to reinvest in their businesses, this proposal would create a 20 percent exclusion on non-passive business income that flow-through to the shareholders, partners and members from S corporations and partnerships. The exclusion would be phased in over 4 years starting with 5 percent exclusion in tax year 2011, 10 percent exclusion in 2012, 15 percent in 2013 and 20 percent in 2014 and thereafter.</p>					
Capital Gains Exemption					
General	Expenditure	0	0	0	0
<p>To encourage long-term investments in small businesses, a new capital gains exemption is proposed. This would enact a 100 percent capital gains exemption for equity investments in small businesses. In this case, small businesses are those with fewer than one-hundred employees and not publically traded. These investments require a five year holding period. This proposal would not have a general fund impact until FY 2016.</p>					
Federal Tax Conformity Haiti Relief					
General	Non-Dedic Receipt	(80)	70	0	0
<p>This proposal would update Minnesota's tax laws to conform to recently enacted Congressional tax law changes. This would conform to the federal provision allowing taxpayers who make cash contributions to Haitian earthquake relief between January 10, 2010 and March 1, 2010 to take the contributions as an itemized deduction on their 2009 return. This would also conform to other federal update provisions that have negligible revenue impact which include the cash for clunkers program and the payment for military personnel to compensate for losses on sales of homes due to relocation.</p>					
Charter School Property Tax Exemption					
General	Expenditure	0	(1,379)	(1,420)	(936)
General	Non-Dedic Receipt	0	0	(460)	(470)
<p>This proposal will modify the statutes to provide greater clarity of the property tax status of properties that are leased to charter schools. Under this proposal, all properties leased to charter schools, including those from for profit entities, will be exempt for property tax purposes.</p>					
Collections Payment Plan Fee					
General	Non-Dedic Receipt	0	630	630	630
<p>This proposal is to add a \$25 fee for entering into, or renegotiating, a payment plan with the Department of Revenue. The IRS charges similar payment-plan fees.</p>					
Penalty for Failing to Provide Info.					
General	Expenditure	0	20	20	20
General	Non-Dedic Receipt	0	829	1,328	1,343
Environmental	Non-Dedic Receipt	0	3	5	5
Health Care Access	Non-Dedic Receipt	0	10	20	20
<p>This proposal imposes a penalty for failing to provide records or documents that support items on a return when requested to do so in writing by the Department of Revenue. The penalty is the greater of \$500 or 25 percent of the additional tax resulting from the failure to provide the requested documents. The penalty would not be imposed if the failure to provide is due to reasonable cause.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Tax Policy, Aids and Credits</u>				
Revenue Dept - Other				
Reduction in Aid to Local Governments				
General Expenditure	0	(250,000)	(249,893)	(249,782)
<p>This recommendation is to reduce aids to local government by \$250 million per year beginning in FY 2011. For each year, this will include reductions in city local government aid, county program aid and market value credits. The reductions include all cities and counties. This reduction in aid combined with the unallotment would be an average 11 percent reduction of levy plus aid for the cities and 7 percent of levy plus aid for the counties.</p>				
Reduction in PILT Funding				
General Expenditure	0	(1,307)	(1,544)	(1,563)
<p>This item is a 6 percent reduction in funding for payment in lieu of taxes for Department of Natural Resources and Department of Transportation owned lands.</p>				
Levy Limit; PTR/Income Tax Interaction				
General Expenditure	0	0	11,930	2,070
General Non-Dedic Receipt	0	0	(12,250)	(2,120)
<p>The supplemental budget recommendations and unallotment extension for reductions in Local Government Aid, County Program Aid, and Residential and Agricultural Market Value Credit interact with the property tax refund claims and the income tax system. The reductions in aids and credits cause increases in local property taxes, resulting in an increase in property tax refunds paid directly to homeowners and an increase in deductions claimed on individual and corporate income tax forms. The estimate reflects a proposal to make the levy limits permanent and to limit the levy authority to 50 percent of aid and credit reductions. The estimates of the levy increases and corresponding interactions are preliminary.</p>				
Eliminate Special Timing Account				
General Expenditure	0	(6,279)	6,279	0
<p>This recommendation is to eliminate the special timing account established in Laws of 2009, chapter 88, article 12, section 21.</p>				

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Tax Policy, Aids and Credits

Revenue Dept - Other

Unallotment Ratification

Government Aids and Credits

General	Expenditure	0	0	(200,154)	(200,015)
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This proposal is to permanently reduce aids to Local Government by the July 2009 allotment reduction total for FY 2011. For each year, this will include reductions in city local government aid, county program aid and market value credits.

Adjust Renter's Refund

General	Expenditure	0	0	(52,700)	(53,100)
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The portion of rent used to calculate the refund would be reduced from 19 percent of rent paid to 15 percent of rent paid to more accurately reflect actual property taxes paid.

Eliminate Political Contribution Refund

General	Expenditure	0	0	(5,400)	(6,400)
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This proposal would eliminate the political contribution refund program. Approximately 90,000 refunds are made annually.

Cap SFIA Payments

General	Expenditure	0	0	(4,600)	(4,800)
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Sustainable Forest Investment Act (SFIA) payments would be capped at \$100,000 per enrollee.

Revenue Dept - Other Total Net Change:	General	80	(240,474)	(377,830)	(289,989)
Revenue Dept - Other Total Net Change:	Other	0	(13)	(25)	(25)

Total Tax Policy, Aids and Credits	Revenues	(\$80)	(\$18,458)	(\$119,627)	(\$224,492)
Total Tax Policy, Aids and Credits	Expenditures	\$0	(\$258,945)	(\$497,482)	(\$514,506)

K-12 Education

Education Dept

Supplemental

Operating Budget Reduction

General	Expenditure	(380)	(613)	(613)	(613)
General	Transfer In	24	23	0	0
Special Revenue	Transfer Out	24	23	0	0

This recommendation reduces the general fund operating budget and special revenue budget by 3 percent of unspent funds in FY 2010 and FY 2011. General fund reductions include 3 percent reductions to the Board of Teaching and Board of School Administrators, capturing early childhood carryforward balances, a reduction of 6.5 full-time equivalent positions, and a reduction in supplies and equipment. Special revenue reductions are a one-time transfer of carryforward funds to the general fund.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>K-12 Education</u>					
Education Dept					
Extended Time Revenue Change					
General	Expenditure	0	(5)	(5)	(5)
<p>This proposal changes the formula for extended time revenue. The current extended time calculation is the greater of the current year extended time pupil units or a portion of the current year and the previous year, so a district can generate revenue the year after a program is discontinued. This proposal allows districts and charters to generate extended time revenue only if they provide extended time programming in the current school year.</p>					
EPAS Data Collection					
General	Expenditure	0	191	200	200
<p>This proposal captures unexpended educational planning and assessment system (EPAS) funds to cover the cost of data collection and analysis at the state level for longitudinal data analysis. The EPAS program currently mandates the Commissioner of Education provide ACT Explore tests for students in grade 8 and ACT Plan tests for students in grade 10. The state pays for test costs for school districts and charters that choose to participate in the EPAS program.</p>					
Teacher Contract Reporting					
General	Expenditure	0	15	3	2
<p>This proposal requires school districts to share teacher collective bargaining agreement information, including settlement date, salary and fringe benefit costs, and duty days for teachers, with the Department of Education. The funds are for the Department of Education to integrate this information into financial statements.</p>					
Rulemaking Related Items					
General	Expenditure	0	155	30	20
<p>This recommendation provides funding for rulemaking costs related to academic standards and teacher/administrator preparation. Rules include: aligning K-12 and teacher standards, creating English language proficiency standards, principal licensure rules, elementary math content, and teacher entry requirements.</p>					
<u>Unallotment Ratification</u>					
Property Tax Recognition Adjustment					
General	Expenditure	0	(14,566)	(63,783)	(71,042)
<p>This proposal extends the FY 2011 property tax recognition adjustment. School districts will continue to recognize a portion of their property tax receipts in the year in which they are received. The increase in property tax value allows additional savings to the general fund to be realized.</p>					
School Aid Payment Deferral					
General	Expenditure	0	0	(1,191,219)	(21,329)
<p>This proposal extends the FY 2010-11 school aid payment deferral. School districts will receive 27 percent of the FY 2011 entitlement and 73 percent of the FY 2012 in FY 2012.</p>					
Operating Budget Reduction					
General	Expenditure	0	0	(471)	(471)
<p>This proposal makes permanent the FY 2010-11 operating unallotment for the Department of Education. This affects roughly 5.7 full-time equivalent positions that were eliminated in FY 2010-11 as well as professional/technical contracts for the educate parents partnership and salaries for the kindergarten entrance exam program.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

K-12 Education

Education Dept

Education Dept Total Net Change:	General	(404)	(14,846)	(1,255,858)	(93,238)
Education Dept Total Net Change:	Other	24	23	0	0

Perpich Ctr for Arts

Supplemental

Operating Budget Reduction

General	Expenditure	(138)	(220)	(220)	(220)
General	Transfer In	19	11	0	0
Special Revenue	Transfer Out	19	11	0	0

This recommendation reduces the general fund operating budget and special revenue fund by 3 percent of unspent funds in FY 2010 and FY 2011. General fund reductions will come from staff restructuring and elimination of 2.1 full-time equivalent positions. Special revenue reductions are a one-time transfer of carryforward funds to the general fund.

Perpich Ctr for Arts Total Net Change:	General	(157)	(231)	(220)	(220)
Perpich Ctr for Arts Total Net Change:	Other	19	11	0	0

Total K-12 Education	Revenues	\$43	\$34	\$0	\$0
Total K-12 Education	Expenditures	(\$475)	(\$15,009)	(\$1,256,078)	(\$93,458)

Higher Education

Office of Higher Education

Supplemental

Operating Budget Reduction

General	Expenditure	(64)	(94)	(94)	(94)
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This proposal represents an approximately three percent operating reduction in the unspent funds remaining for the biennium. The reduction would be realized by eliminating one full time equivalent position through attrition or retirement, and a reduction in spending on employee development, supplies and software. This will likely result in a reduction in college readiness outreach activities, in person, in print and online to students and parents.

Grants and Other Program Reductions

General	Expenditure	(555)	(5,983)	(5,983)	(5,983)
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This proposal reduces OHE's unspent non-operating expenses by \$555,000 in FY 2010 and \$10.98 million in FY 2011. The largest reductions come from the State Grant Program (\$2.3 million), State Work Study (\$2.5 million) and Child Care grants (\$500,000). Other programs included in the reduction are the Minnesota College Savings Plan Matching Grants, MnLink Gateway and Minitex, United Family Practice and Intervention for College Attendance grants.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Higher Education

Office of Higher Education

Private Institution License/Reg Fee Incr

Special Revenue	Dedicated Receipt	0	74	74	74
Special Revenue	Expenditure	0	24	32	40

This proposal increases the Office of Higher Education's license and registration fees for private postsecondary institutions to better align fee revenue with the costs of the program. Fees will increase by 60 percent for newly licensed institutions and by 80 percent for newly registered institutions. Registration renewal fees will increase by 20 percent and licensing renewal fees will increase, on average, by 50 percent.

Pell Grant Accreditation Requirement

Special Revenue	Dedicated Receipt	0	7	7	7
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This proposal would require that institutions be accredited and participating in the Federal Pell Grant program before they can participate in state financial aid programs. To reduce the impact of accreditation on existing institutions, this proposal allows them, instead of becoming accredited, to become licensed or registered with OHE to have access to state student financial aid programs.

SELF Loan Program Modifications

Higher Education Svcs Office	Expenditure	0	10,000	15,000	15,000
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This proposal authorizes OHE to adopt a SELF V loan program that would increase borrowing limits on SELF student loans to \$10,000 per year for baccalaureate, post baccalaureate and graduate students. It would allow students to borrow up to \$70,000 in cumulative student loans, up from \$55,000 currently. Repayment terms will also be extended from 15 to 20 years, and students would begin repaying loans nine years after first disbursement, up from seven years.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(77)	(77)
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This proposal makes the Governor's FY 2010-11 operating unallotments permanent, and is from the agency's appropriation for administration.

Office of Higher Education Total Net Change:

General	(619)	(6,077)	(6,154)	(6,154)
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Office of Higher Education Total Net Change:

Other	0	9,943	14,951	14,959
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Higher Education

State Colleges & Universities

Supplemental

Operating Budget Reduction

General	Expenditure	0	(10,467)	(10,467)	(10,467)
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This proposal reduces MnSCU's appropriation to its 2006 level, or by 1.71 percent. MnSCU should reduce administrative costs and reallocate funds to protect its priorities before resorting to increases in tuition.

Unallotment Ratification

Allotment Reduction

General	Expenditure	0	0	(50,000)	(50,000)
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This proposal makes the Governor's FY 2011 unallotments permanent, which reduced the enacted FY 2011 general fund appropriation to MnSCU by \$50 million, from \$665.961 million to \$615.961 million (7.5 percent). When considering MnSCU's total general resources (appropriation with tuition and fees), the reduction is about 3.6 percent.

State Colleges & Universities Total Net Change:

General	0	(10,467)	(60,467)	(60,467)
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University of Minnesota

Supplemental

Operating Budget Reduction

General	Expenditure	0	(36,120)	(36,120)	(36,120)
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This proposal reduces the University of Minnesota's appropriation to its 2006 level, or by 5.76 percent. The U of M should reduce administrative costs and reallocate funds to protect its priorities before resorting to increases in tuition.

Unallotment Ratification

Allotment Reduction

General	Expenditure	0	0	(50,000)	(50,000)
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This proposal makes the Governor's FY 2011 unallotments permanent, which reduced the enacted FY 2011 general fund appropriation to the University of Minnesota by \$50 million, from \$677.311 million to \$627.311 million (7.5%). When considering the University's total general resources (appropriation with tuition and fees), the reduction is about 3.6%.

University of Minnesota Total Net Change:

General	0	(36,120)	(86,120)	(86,120)
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Total Higher Education	Revenues	\$0	\$81	\$81	\$81
Total Higher Education	Expenditures	(\$619)	(\$42,640)	(\$137,709)	(\$137,701)

Health and Human Services

Behavioral Health & Therapy Bd

Supplemental

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Behavioral Health & Therapy Bd

Operating Budget Reduction

General	Transfer In	8	12	0	0
State Government Special Rev	Expenditure	(8)	(12)	0	0
State Government Special Rev	Transfer Out	8	12	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Behavioral Health & Therapy Bd Total Net Change:

General	(8)	(12)	0	0
Other	0	0	0	0

Behavioral Health & Therapy Bd Total Net Change:

Chiropractors Board

Supplemental

Operating Budget Reduction

General	Transfer In	9	14	0	0
State Government Special Rev	Expenditure	(9)	(14)	0	0
State Government Special Rev	Transfer Out	9	14	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Chiropractors Board Total Net Change:

General	(9)	(14)	0	0
Other	0	0	0	0

Chiropractors Board Total Net Change:

Dentistry Board

Supplemental

Operating Budget Reduction

General	Transfer In	21	31	0	0
State Government Special Rev	Expenditure	(21)	(31)	0	0
State Government Special Rev	Transfer Out	21	31	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Dentistry Board Total Net Change:

General	(21)	(31)	0	0
Other	0	0	0	0

Dentistry Board Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Dietetics & Nutrition Prac Bd

Supplemental

Operating Budget Reduction

General	Transfer In	2	3	0	0
State Government Special Rev	Expenditure	(2)	(3)	0	0
State Government Special Rev	Transfer Out	2	3	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Dietetics & Nutrition Prac Bd Total Net Change:

General	(2)	(3)	0	0
Other	0	0	0	0

Dietetics & Nutrition Prac Bd Total Net Change:

Disability Council

Supplemental

Operating Budget Reduction

General	Expenditure	(10)	(16)	(16)	(16)
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This proposal is a 3 percent reduction to the agency's unspent operating budget in the current biennium. To achieve this reduction the agency will reduce spending on IT services and training for agency staff, reducing compensation spending, and delaying several planned public events in the current biennium.

Disability Council Total Net Change:

General	(10)	(16)	(16)	(16)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Emergency Medical Svcs Reg Bd

Supplemental

Correcting an Appropriation Bill Error

General	Expenditure	450	0	0	0
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This proposal corrects a bill drafting error that did not include funding in the agency's total that was added in line-item grants to the agency in Laws of 2009, Chapter 173. The bill added \$450,000 in line item grants to the agency for transfer to two other departments in FY 2010, but did not increase the agency total. Consequence is that the agency has had to take this amount out of existing operating funds, which were already explicitly reduced in a budget decision, and grant funds. Funding needs to be added to link up with legislative intent.

Operating Budget Reduction

General	Expenditure	(42)	(54)	(54)	(54)
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This proposal reduces the agency's operating budget in the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. This will include reductions in FTE, board compensation, and volunteer ambulance personnel awards.

Grant Reductions

General	Expenditure	(47)	(79)	(79)	(79)
General	Transfer In	10	24	0	0
Special Revenue	Expenditure	(10)	(24)	0	0
Special Revenue	Transfer Out	10	24	0	0

This proposal reduces the agency's grant funding in the general fund and in the special revenue fund by 6 percent of the unspent amounts in FY 2010 and 6 percent of the budgeted amounts in FY 2011. This includes state regional grants, ambulance training grants, and the Comprehensive Advanced Life Support Educational (CALs) program in the general fund, and seat belt grants funded by dedicated receipts in the special revenue fund. The amount of the reduction in the seat belt grants, \$34,000 for the biennium, shall be transferred to the general fund. The special revenue fund reduction and the transfer are one-time in the FY 2010-11 biennium.

Reduce HPSP

General	Transfer In	13	21	0	0
State Government Special Rev	Expenditure	(13)	(21)	0	0
State Government Special Rev	Transfer Out	13	21	0	0

This proposal reduces the agency's line-item operating budget for the Health Professional Services Program in the state government special revenue fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011, then transfers that amount to the general fund. This program provides assistance to health professionals with chemical dependency, mental health, and other similar issues affecting the practice of their professions. These reductions and transfers to the general fund are one-time in the FY 2010-11 biennium.

Emergency Medical Svcs Reg Bd Total Net Change:	General	338	(178)	(133)	(133)
Emergency Medical Svcs Reg Bd Total Net Change:	Other	0	0	0	0

Health Dept

Supplemental

Delay Rural Hospital Grants

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Health and Human Services</u>					
Health Dept					
General	Expenditure	(1,755)	0	0	0
<p>This provides one-time savings by shifting the payment date for the Rural Hospital Capital Improvement Grant Program from March into July.</p>					
Reduce FQHC Grants					
Health Care Access	Expenditure	0	(1,000)	0	0
<p>This reduces grants to Federally Qualified Health Centers by \$1 million in FY 2011. Total funding for this program will return to the the FY 2008 level of \$1.5 million.</p>					
Reduce MERC Dedication					
General	Non-Dedic Receipt	1,000	1,500	1,500	1,500
Medical Education & Research	Expenditure	(1,000)	(1,500)	(1,500)	(1,500)
Medical Education & Research	Transfer In	(1,000)	(1,500)	(1,500)	(1,500)
Special Revenue	Dedicated Receipt	(1,000)	(1,500)	(1,500)	(1,500)
Special Revenue	Transfer Out	(1,000)	(1,500)	(1,500)	(1,500)
<p>Under current law, \$8.4 million per year is dedicated from cigarette tax collections for Medical Education and Research Cost (MERC) grants. This proposal reduces the dedicated amount by \$1 million in FY 2010 and \$1.5 million in FY 2011, reduces funding for medical education grants, and deposits the previously-dedicated revenue into the general fund.</p>					
Eliminate Donated Dental Grant					
Health Care Access	Expenditure	0	(63)	(63)	(63)
<p>This eliminates this sole-source grant that provides funding for administrative costs to match dentists willing to provide free care with needy patients, beginning in FY 2011.</p>					
Eliminate Lead Base Grants					
General	Expenditure	(25)	(25)	(25)	(25)
<p>This reduces grant funding that provides temporary relocation of families while their homes undergo lead abatement. This funding is in addition to other federal funding for the same purpose.</p>					
Reduce SHIP Funding					
Health Care Access	Expenditure	0	(10,000)	0	0
<p>This reduces funding for Statewide Health Improvement Program (SHIP) grants by \$10 million in FY 2011.</p>					
Operating Budget Reduction					
General	Expenditure	(612)	(401)	(667)	(667)
Health Care Access	Expenditure	(431)	(278)	(319)	(199)
State Government Special Rev	Expenditure	(1,300)	(722)	0	0
<p>This is a 3 percent reduction to the department's unspent operating budget in FY 2010-11. Savings in the general fund is achieved through one-time shifts of activities to federal funding, and realigning and holding positions vacant. Savings in the health care access fund is achieved through hiring delays, shifting costs to federal funds, and reducing ongoing reporting activities. Savings in the state government special revenue fund is achieved by one-time delays in hiring. These changes result in the elimination of 3 full-time equivalents in the general fund, and 1.5 full-time equivalents in the health care access fund.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Health Dept

E-Health Federal Compliance

State Government Special Rev	Expenditure	0	140	135	130
State Government Special Rev	Non-Dedic Receipt	0	95	160	150

This provides additional resources and fee revenue for oversight and review of providers using health information technology to ensure they meet the federal definition of being a "meaningful user" under the American Recovery and Reinvestment Act (ARRA). Providers must meet this definition to maximize the incentives they can receive for implementing and using electronic health records and other forms of health information technology. Awarding these incentives may begin as early as next fall.

Youth Camp Fee Clarification

State Government Special Rev	Non-Dedic Receipt	0	(12)	(12)	(12)
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This makes a technical change to license fees for youth camps enacted in 2009. An error in the language causes 25 youth camps to be licensed as both a youth camp; and as a food, beverage, and lodging facility. These camps are subject to both the new and existing fee. This change corrects that, and results in a reduction of approximately \$12,000 in revenue per year beginning in FY 2011.

Home Park/Camping Area Fee Clarification

State Government Special Rev	Non-Dedic Receipt	0	0	0	0
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This initiative clarifies unclear and possibly misleading language exempting manufactured home parks and recreational camping areas operating in conjunction from paying two base fees. There is no impact on revenue collections.

Health Reform Budget Clarification

Health Care Access	Expenditure	0	0	0	0
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This clarifies administrative funds appropriated as part of the 2008 Health Care Reform Law (Laws of 2008, chapter 358) for reform activities are available until expended. This allows existing funding to be spent across bienniums as workload fluctuates.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(525)	(525)
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This proposal extends the Governor's unallotment of the department's operating budget in the current biennium into FY 2012-13.

Health Dept Total Net Change:

General	(3,392)	(1,926)	(2,717)	(2,717)
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Health Dept Total Net Change:

Other	(1,731)	(12,006)	(395)	(270)
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Human Services Dept

Supplemental

Eliminate Child MH Specialty Care Grants

General	Expenditure	(200)	(200)	(200)	(200)
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This reduces grant funding to a program that has not yet begun. The grant supports increased availability of mental health treatment services for children with specialized conditions.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Health and Human Services</u>					
Human Services Dept					
Reduce Child MH Case Management Grants					
General	Expenditure	0	(1,210)	(1,210)	(1,210)
<p>This is a reduction in grants to counties to offset their costs for assuming the state share of Medical Assistance (MA) for mental health case management services for children.</p>					
Delay Adolescent ACT					
General	Expenditure	0	(513)	(1,161)	(1,185)
<p>This delays the implementation of the assertive community treatment (ACT) benefit in Medical Assistance (MA) for adolescents by 1 year, from November 2010 to November 2011.</p>					
Reduce Adult MH Day Treatment Hours					
General	Expenditure	0	(500)	(500)	(500)
<p>This proposal reduces the number of adult mental health day treatment hours allowed per individual under Medical Assistance.</p>					
Delay Add'l Crisis Intervention Training					
General	Expenditure	(200)	0	0	0
<p>This is a one-time delay in grant funding to provide additional mental health crisis intervention training.</p>					
Elim Add'l Supports for Adults w/ SMI					
General	Expenditure	(3,300)	0	0	0
<p>This proposal reduces unspent grant funds to counties for community support services (housing supports and case management) for adults with serious mental illness.</p>					
Eliminate Adult MH Specialty Care Grants					
General	Expenditure	(200)	(200)	(200)	(200)
<p>This reduces grant funding to a program that has not yet begun. The grant supports increased availability of mental health treatment services for adults with specialized conditions.</p>					
Transfer CCDTF Balance					
General	Transfer In	4,800	0	0	0
Special Revenue	Transfer Out	4,800	0	0	0
<p>This transfers a one-time balance in the chemical dependency treatment fund (CCDTF), due to spending being lower than forecasted in FY 2009, to the general fund.</p>					
Reduce CD Treatment Fund Expenditures					
General	Expenditure	0	(5,300)	(5,673)	(6,005)
<p>This proposal reduces payment rates to chemical dependency treatment providers by 5 percent, beginning in FY 2011.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	FY 2010	FY 2011	FY 2012	FY 2013
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Health and Human Services

Human Services Dept

Reduce Mothers First/Native Amer. Grants

General	Expenditure	(389)	0	0	0
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This is a one-time reduction reflecting underspending in two grant programs: the Mothers First Grant, a program in Ramsey County providing early intervention to prevent pregnant women from using alcohol and illegal drugs; and grants to Native American tribes to provide drug and alcohol abuse prevention and treatment.

Reduce Compulsive Gambling Grants

General	Transfer In	197	74	0	0
Lottery Cash Flow	Expenditure	(80)	(79)	0	0
Lottery Cash Flow	Transfer Out	80	79	0	0
Special Revenue	Expenditure	(149)	(27)	0	0
Special Revenue	Transfer Out	149	27	0	0
Environmental Trust	Transfer In	32	31	0	0

This reduces grants for compulsive gambling treatment for FY 2010-11 only and transfers upsent balances for these grants from the previous fiscal year. Of the reductions to the lottery prize fund, 60 percent of the reduction is returned to the general fund, and the remaining 40 percent goes to the environmental trust fund.

Capture SOS Laundry Account Balance

General	Transfer In	669	0	0	0
Special Revenue	Transfer Out	669	0	0	0

This transfers the remaining balance in an obsolete account for laundry services at the Brainerd Regional Treatment Center.

SOS Operating Reduction--Close Facility

General	Expenditure	48	(2,210)	(2,210)	(2,210)
General	Non-Dedic Receipt	(90)	(310)	(310)	(310)

This proposal makes a permanent 3/4 percent reduction in SOS operations by reducing both its staff and services to clients. It will result in the closure of an adult mental health facility with a reduction in staff of approximately 29 FTEs. The determination of the facility to be closed will be made in alignment with the re-design process being developed for the SOS Adult Mental Health services.

Convert General Assistance

General	Expenditure	0	(14,345)	(20,889)	(20,615)
General	Non-Dedic Receipt	0	(585)	(2,340)	(4,388)

This proposal eliminates the current General Assistance (GA) monthly grant, and creates a new short-term assistance grant program to provide necessary services and supports for at-risk adults without children who are in crisis situations. The smaller monthly personal needs allowance benefit will be retained for individuals in certain facilities, including battered womens' shelters. This proposal is effective December 1, 2010.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Health and Human Services</u>					
Human Services Dept					
Eliminate MSA Special Needs Payments					
General	Expenditure	0	(441)	(606)	(611)
<p>This item eliminates special needs payments in the Minnesota Supplemental Aid (MSA) program for representative payee and guardianship fees, some meal reimbursements, and household repairs. The special needs portion for shelter needy payments (which covers shelter costs for clients relocating from an institution into the community or who receive Medical Assistance home waiver services) is maintained. This proposal is effective October 1, 2010. Funding for MSA special diets is eliminated in the Governor's bill codifying unallotments. Combined with the unallotment codification package, this will eliminate all MSA funding that is not considered maintenance of effort (MOE) for the federal Supplemental Security Income (SSI) program.</p>					
Count SSI Income for MFIP/Child Care					
General	Expenditure	0	(116)	(1,506)	(1,918)
Federal TANF	Expenditure	0	(21,348)	(32,038)	(31,479)
<p>This proposal changes how Supplemental Security Income (SSI) benefits are counted when determining the benefit amount for Minnesota Family Investment Program (MFIP) and MFIP child care assistance grants. Under current law, SSI benefits are excluded when determining benefits for these two programs. Effective November 1, 2010 for MFIP cash grants and March 1, 2011 for MFIP child care grants, SSI income would no longer be excluded and would reduce benefits to MFIP recipients.</p>					
Capture One-Time BSF Underspending					
Federal TANF	Non-Dedic Receipt	5,000	0	0	0
<p>This proposal recognizes \$5 million of unspent calendar year 2009 funds in the Basic Sliding Fee (BSF) Child Care Assistance Program and refinances them to achieve general fund savings.</p>					
ARRA TANF Emergency Fund Revenue					
Federal TANF	Non-Dedic Receipt	0	28,000	0	0
<p>This proposal recognizes an estimated increase of \$28 million in one-time American Recovery and Reinvestment Act (ARRA) funds that qualify under the TANF Emergency Fund (TEF). This increase is expected to fall under the short-term non-recurrent category for increases in the state Working Family Tax Credit for low-income families. These funds will replace current general fund obligations as TANF refinancing.</p>					
TANF Refinancing to General Fund					
General	Expenditure	(5,172)	(49,580)	(32,270)	(31,711)
Federal TANF	Expenditure	5,172	49,580	32,270	31,711
<p>This item refinances eligible general fund expenditures to the TANF fund. The available balance in the TANF fund is created by these other reductions: Count SSI Income for MFIP/Childcare, Capture One-Time BSF Underspending, ARRA TANF Emergency Fund Revenue, and Operating Budget Reduction.</p>					
Reduce Basic Sliding Fee Grants					
General	Expenditure	0	(4,557)	(4,123)	(4,185)
<p>This proposal reduces state funding for Basic Sliding Fee (BSF) child care grants by 5 percent of the annual state and federal funding base. This proposal is effective July 1, 2010.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Health and Human Services</u>					
Human Services Dept					
Reduce Maximum CCAP Rates					
General	Expenditure	0	(1,929)	(8,973)	(8,921)
This item reduces the maximum rates paid to child care providers under the Child Care Assistance Program (CCAP) by 5 percent, effective March 1, 2011.					
Align Fee-Related Payments					
General	Expenditure	0	(1)	86	97
This proposal aligns fees paid by the department with the overall market by: (1) suspending a unique retailer fee currently paid for electronic benefit transfer (EBT) transactions in the food support program; and (2) increasing the reimbursement fee paid to administer free vaccines for children that are supplied by the federal government.					
Child Support Program Eliminations					
General	Expenditure	0	(300)	(300)	(300)
General	Non-Dedic Receipt	0	100	100	100
Special Revenue	Dedicated Receipt	0	(100)	(100)	(100)
Special Revenue	Expenditure	0	(100)	(100)	(100)
This proposal eliminates the child support medical provider bonus and eliminates the \$5 dollar marriage license fee dedication for a healthy marriage pilot program and sweeps that fund balance.					
Eliminate MFAP Grants					
General	Expenditure	0	(408)	(407)	(407)
This eliminates the Minnesota Food Assistance Program (MFAP), a state program that provides food assistance for legal, non-citizens, beginning in FY 2011.					
Eliminate or Reduce Selected Grants					
General	Expenditure	0	(1,792)	(2,293)	(2,293)
This proposal would eliminate a portion of enhanced funding for Group Residential Housing (GRH) and reduces funding for supported work for MFIP participants.					
Reduce CFS Spec Revenue Grant Balances					
General	Transfer In	613	493	0	0
Special Revenue	Transfer Out	613	493	0	0
This proposal reduces year-end special revenue balances in various child welfare and child support programs.					
CFS Rider Technical Corrections					
General	Expenditure	0	0	130	(360)
This makes technical corrections to various riders from the 2009 session to align appropriations law with end of session tracking.					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Health and Human Services</u>				
Human Services Dept				
Continuing Care Provider Rate Reductions				
General Expenditure	0	(37,271)	(50,565)	(53,690)
<p>This proposal reduces all long-term care provider rates by 2.5 percent effective July 1, 2010. The reduced rates apply to nursing facilities and ICF/MRs; and aging, deaf services, and other continuing care grants. Children and adult mental health services and grants, group residential housing supplemental payments and chemical health services are not included in this proposal.</p>				
Phase Out NF Rate Equalization				
General Expenditure	0	0	0	0
<p>This proposal phases out nursing facility rate equalization over a three year period. The rate equalization law prohibits nursing facilities from charging private pay residents daily rates higher than the rates set by the Medical Assistance program, except for private pay residents in single bed rooms. Upon full phase out, beginning in FY 2014, nursing facilities will be permitted to charge daily rates at whatever amount they choose.</p>				
Temporary Disability Waiver Caps				
General Expenditure	0	(2,116)	(4,542)	(2,038)
<p>This proposal limits the growth of the Community Alternatives for Disabled Individuals (CADI) and Developmental Disabilities (DD) waivers. The proposal would be effective July 1, 2010 for CADI waivers and January 1, 2011 for DD waivers. It would cap CADI at 60 new waivers per month and cap DD at 6 waivers per month. This proposal would be in effect for one year.</p>				
De-Link EW Rate Increases from NF				
General Expenditure	0	0	(814)	(1,286)
<p>This proposal de-links elderly waiver (EW) rate increases from nursing facility non-operating rate increases. It eliminates a provision in statute that automatically adjusts the EW monthly case mix caps when there is an increase in the statewide nursing facility payment rates that is more than any increases granted to home and community-based services. Once this proposal is enacted, the EW limit would only be adjusted when legislation directly affects home and community services percentage rate adjustments.</p>				
HIV Funding Carryforward				
General Expenditure	0	(2,037)	0	2,037
<p>This proposal adjusts the HIV state grant budget to capture a short term surplus in the HIV rebate account. Effective July 1, 2010, the state appropriation for FY 2011 would be delayed until FY 2013. In FY 2013, the state appropriation from FY 2011 would be restored. During FY 2011, the rebate account would pay the costs.</p>				
Increase MNCARE Managed Care Withhold				
Health Care Access Expenditure	0	(7,717)	(19,971)	(4,026)
<p>This proposal withholds an additional 3 percent from managed care rates effective January 1, 2011.</p>				
Inpatient Hospital Ratable Reduction				
General Expenditure	0	(7,284)	(16,230)	(18,873)
Health Care Access Expenditure	0	(1,901)	(4,697)	(5,448)
<p>This proposal reduces fee-for-service rates paid for inpatient hospital services beginning July 1, 2010 by 3 percent. Effective with rates paid on or after January 1, 2011, managed care rates are to be reduced proportionately to reflect the reduction.</p>				

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Health and Human Services</u>					
Human Services Dept					
Elim Adult Therapy (PT/OT/ST) Coverage					
General	Expenditure	0	(1,820)	(5,559)	(6,032)
Health Care Access	Expenditure	0	(285)	(614)	(694)
<p>This proposal eliminates coverage of physical, occupational, and speech therapies for non-pregnant adults on MinnesotaCare and Medical Assistance effective January 1, 2011.</p>					
MERC PMAP Carveout					
General	Expenditure	0	(18,802)	0	0
<p>This proposal eliminates a portion of the Medical Education and Research Costs (MERC) payments attributable to managed care (prepaid medical assistance or PMAP) enrollees in FY 2011. The funding eliminated is the amount reserved for general distribution to eligible hospital and clinic training sites.</p>					
Critical Access Dental					
General	Expenditure	0	0	(3,171)	(4,804)
Health Care Access	Expenditure	0	(3,052)	(6,326)	(6,884)
<p>This proposal would modify the criteria to qualify for Critical Access Dental (CAD) add-on payments. Under the proposal, fewer dentists would qualify for the payment.</p>					
Elim Greater MN Hospital DRG Add-On					
General	Expenditure	0	(1,976)	(4,139)	(4,666)
<p>This proposal eliminates the enhanced payment to hospitals in greater Minnesota for certain diagnoses under the Medical Assistance program. This proposal is effective July 1, 2010.</p>					
Reduce MNCARE Elig for Adults w/o Kids					
Health Care Access	Expenditure	0	(129,711)	(236,610)	(273,879)
<p>This proposal reduces eligibility for adults without children on MinnesotaCare from 250 percent to 75 percent of the federal poverty guidelines effective October 1, 2010. Under this proposal average monthly enrollment declines by 21,500 individuals.</p>					
Utilization Review & MNSHO Riders					
General	Non-Dedic Receipt	0	0	(1,124)	(1,124)
Special Revenue	Dedicated Receipt	0	0	1,124	1,124
<p>This proposal reinstates dedicated federal financial participation (FFP) for Medical Assistance. The FFP is earned for work by third party service providers related to Minnesota Senior Health Options and utilization review. A long-standing rider was inadvertently omitted from the HHS omnibus appropriations bill in the 2009 session.</p>					
Use MNCARE Payments to Claim DSH					
General	Expenditure	0	0	0	0
<p>This proposal authorizes MinnesotaCare managed care expenditures for adults without children to be used to claim federal disproportionate share hospital (DSH) matching funds contingent upon receiving necessary federal waiver approval.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Health and Human Services</u>					
Human Services Dept					
Elim Reductions in MNCARE Premiums					
Health Care Access	Expenditure	0	0	(4,399)	(5,124)
Increases the maximum MinnesotaCare premium from 7.2 percent to 8.8 percent of household income effective July 1, 2011.					
State COBRA Subsidy CF Authority					
General	Expenditure	0	0	0	0
This proposal gives the commissioner the authority to carry forward the unexpended FY 2010 appropriation for the state COBRA subsidy program to FY 2011. The additional funds will help cover the cost of complying with extensions of the federal COBRA subsidy.					
Delay Inpatient Hospital Rebasing					
General	Expenditure	0	(8,601)	(4,865)	0
This proposal delays hospital rebasing for three months, until April 1, 2011, for the rebasing period that begins on January 1, 2011. Under existing law, hospital payments would be rebased at 74.25 percent of the full rebasing amount from January 1 to March 31 of 2011.					
Operating Budget Reduction					
General	Expenditure	(1,799)	(3,192)	(3,244)	(3,244)
General	Transfer In	416	416	0	0
Federal TANF	Expenditure	(172)	(232)	(232)	(232)
Health Care Access	Expenditure	(1,094)	(1,653)	(1,653)	(1,653)
Lottery Cash Flow	Expenditure	(10)	(7)	0	0
Lottery Cash Flow	Transfer Out	10	7	0	0
Special Revenue	Expenditure	(410)	(412)	0	0
Special Revenue	Transfer Out	410	412	0	0
State Government Special Rev	Expenditure	(8)	(16)	(16)	(16)
Environmental Trust	Transfer In	4	3	0	0
This proposal reduces the DHS central office operating budget by 3 percent of unspent funds in FY 2010 and 3 percent of budgeted expenditures in FY 2011. Reductions are net of administrative federal financial participation (FFP). The proposal is expected to result in a reduction of approximately 80 full-time equivalent positions. The proposal also includes reductions of several professional/technical contracts.					
Major Systems Operating Reduction					
General	Expenditure	(1,408)	(1,560)	(1,560)	(1,560)
This reduces the transfer from the general fund to the special revenue fund for the operations of DHS's major systems accounts. These accounts have accumulated balances that will be spent down as a result of this reduction.					
Reduction of Transfer Out to HCAF					
General	Transfer Out	0	(110,854)	0	0
Health Care Access	Transfer In	0	(110,854)	0	0
This restores the general fund transfer out to the health care access fund included in the November 2009 forecast. The restoration is made possible by proposed reductions in eligibility for MinnesotaCare for adults without kids and other small reductions to the health care access fund.					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Health and Human Services</u>					
Human Services Dept					
Reinstate Transfer from HCAF to GF					
General	Transfer In	0	48,000	0	0
Health Care Access	Transfer Out	0	48,000	0	0
<p>This item reinstates a transfer from the health care access fund to the general fund as required by M.S. 16A.724, subd. 2 when there are resources available in the health care access fund. The transfer is made possible by proposed reductions in eligibility for MinnesotaCare for adults without kids and other small reductions to the health care access fund.</p>					
FMAP Increase - Add'l Two Quarters					
General	Expenditure	0	(387,500)	0	0
Health Care Access	Expenditure	0	(9,200)	0	0
<p>This proposal recognizes two additional quarters of enhanced federal medical assistance percentages (FMAP) originally included in the American Recovery and Reinvestment Act.</p>					
<u>Unallotment Ratification</u>					
Operating Budget Reduction					
General	Expenditure	0	0	(1,969)	(1,969)
<p>This proposal extends the Governor's unallotment of the department's operating budget for the current biennium into FY 2012-13.</p>					
Eliminate 2 Chemical Dependency Grants					
General	Expenditure	0	0	(393)	(393)
<p>This item is an extension of the Governor's unallotment plan. It eliminates state funding for two categories of legislatively designated special projects relating to chemical dependency treatment in certain counties.</p>					
Cap Chemical Dependency Payment Rates					
General	Expenditure	0	0	(3,622)	(3,622)
<p>This item is an extension of the Governor's unallotment plan. It reduces maximum rate to 160 percent 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.</p>					
Restructure State Operated Services					
General	Expenditure	0	0	(4,588)	(4,588)
<p>This item is an extension of the Governor's unallotment plan. 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.</p>					
Child Support Enforcement County Grants					
General	Expenditure	0	0	(3,355)	(3,355)
<p>This item is an extension of the Governor's unallotment plan. It 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.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	
<u>Health and Human Services</u>					
Human Services Dept					
Reduce Children & Community Serv. Grants					
General	Expenditure	0	0	(22,500)	(22,500)
<p>This item is an extension of the Governor's unallotment plan. It reduces block grant funds to counties used 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.</p>					
Eliminate Emergency GA/MSA					
General	Expenditure	0	0	(8,990)	(8,990)
<p>This item is an extension of the Governor's unallotment plan. It eliminates grants to counties for low-income and disabled individuals or families to provide basic needs 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.</p>					
Elim. MSA Special Diet Funding					
General	Expenditure	0	(3,200)	(3,250)	(3,280)
<p>This item is an extension of the Governor's unallotment plan. It 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 grants amount.</p>					
GRH Supplemental Service Rate Reduction					
General	Expenditure	0	0	(700)	(700)
<p>This item is an extension of the Governor's unallotment plan. It reduces Group Residential Housing (GRH) supplementary service rates by 5 percent. 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 Medical Assistance 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. Funding for GRH providers that have their supplementary service rate based on the same reimbursement system as other nursing facilities in Minnesota are not affected. This reduction does not affect the base GRH payment rate.</p>					
Reduce PCA Worker Hours to 275/month					
General	Expenditure	0	0	(1,569)	(1,666)
<p>This item is an extension of the Governor's unallotment plan. It reduces the funding level for personal care attendant (PCA) services by lowering the cap on the number of hours one PCA can work from the maximum of 310 hours per month in current law to a maximum of 275 hours per month.</p>					
Suspend Nursing Facility Rebasing					
General	Expenditure	0	0	(3,871)	(4,070)
<p>This item is an extension of the Governor's unallotment plan. It suspends funding for rebasing (a change to the method of setting payment rates for nursing facilities that was to be phased in over eight years).</p>					
Add'l 1.5% Reduction - Basic					
General	Expenditure	0	0	(3,184)	(3,500)
<p>This item is an extension of the Governor's unallotment plan. Reduces fee-for-service rates paid to providers and vendors of basic care services under Medical Assistance and General Assistance Medical Care by an additional 1.5 percent. 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 proportionately to reflect the reduction.</p>					

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Human Services Dept

Add'l 1.5% Reduction - Non-Primary

General	Expenditure	0	0	(3,603)	(3,621)
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This item is an extension of the Governor's unallotment plan. It reduces fee-for-service rates paid for physician services and professional services by an additional 1.5 percent. 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 proportionately to reflect the reduction. With this additional ratable reduction the state's Medical Assistance fee schedule for specialty care services would remain above the national average.

Aligning Asset Limits

General	Expenditure	0	0	(5,247)	(3,553)
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This item is an extension of the Governor's unallotment plan. It 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.

Human Services Dept Total Net Change:

Human Services Dept Total Net Change:

General	(19,225)	(718,003)	(240,161)	(236,975)
Other	4,944	5,778	(275,410)	(298,848)

Marriage & Family Therapy Bd

Supplemental

Operating Budget Reduction

General	Transfer In	2	4	0	0
State Government Special Rev	Expenditure	(2)	(4)	0	0
State Government Special Rev	Transfer Out	2	4	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Marriage & Family Therapy Bd Total Net Change:

Marriage & Family Therapy Bd Total Net Change:

General	(2)	(4)	0	0
Other	0	0	0	0

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Medical Practice Board

Supplemental

Operating Budget Reduction

General	Transfer In	73	112	0	0
State Government Special Rev	Expenditure	(73)	(112)	0	0
State Government Special Rev	Transfer Out	73	112	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Medical Practice Board Total Net Change:

General	(73)	(112)	0	0
Other	0	0	0	0

Medical Practice Board Total Net Change:

Nursing Board

Supplemental

Operating Budget Reduction

General	Transfer In	62	100	0	0
State Government Special Rev	Expenditure	(62)	(100)	0	0
State Government Special Rev	Transfer Out	62	100	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Nursing Board Total Net Change:

General	(62)	(100)	0	0
Other	0	0	0	0

Nursing Board Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Nursing Home Admin Board

Supplemental

Operating Budget Reduction -- Bd. Costs

General	Transfer In	4	6	0	0
State Government Special Rev	Expenditure	(4)	(6)	0	0
State Government Special Rev	Transfer Out	4	6	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Operating Budget Reduction -- ASU Costs

General	Transfer In	11	16	0	0
State Government Special Rev	Expenditure	(11)	(16)	0	0
State Government Special Rev	Transfer Out	11	16	0	0

This proposal reduces the operating budget of the Health Board's Administrative Services Unit (ASU) in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Reduce Health Bds./ASU Line Item Funding

General	Transfer In	21	9	0	0
State Government Special Rev	Expenditure	(21)	(9)	0	0
State Government Special Rev	Transfer Out	21	9	0	0

This proposal reduces line item funding for certain operating budget components in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amounts shall be transferred to the general fund. The reductions and the transfers are one-time in the FY 2010-11 biennium. These reductions would reduce the Volunteer Health Care Provider Program under M.S. 214.80 by \$4,000, Retirement Costs by \$5,000, and Legal Costs by \$21,000. The agency shall be authorized to limit payments for the Volunteer Health Care Provider Program within existing appropriations.

Nursing Home Admin Board Total Net Change:

General	(36)	(31)	0	0
Other	0	0	0	0

Nursing Home Admin Board Total Net Change:

Ombud for Mental Health & M R

Supplemental

Operating Budget Reduction

General	Expenditure	(31)	(50)	(50)	(50)
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This proposal is a 3 percent reduction to the agency's unspent operating budget in the current biennium. To achieve this reduction, the agency will not fill a regional ombudsman position in FY 2010, and will reduce travel and travel related expenses in FY 2011.

Ombud for Mental Health & M R Total Net Change:

General	(31)	(50)	(50)	(50)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010
FY 2011
FY 2012
FY 2013

Health and Human Services

Ombudsperson for Families

Supplemental

Operating Budget Reduction

General	Expenditure	(4)	(8)	(8)	(8)
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This reduces the agency's unspent operating budget by 3 percent in the current biennium. This reduction will be met by eliminating out-of-state travel and the purchase or lease of any new equipment.

Ombudsperson for Families Total Net Change:

General	(4)	(8)	(8)	(8)
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Optometry Board

Supplemental

Operating Budget Reduction

General	Transfer In	2	3	0	0
State Government Special Rev	Expenditure	(2)	(3)	0	0
State Government Special Rev	Transfer Out	2	3	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Optometry Board Total Net Change:

General	(2)	(3)	0	0
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Optometry Board Total Net Change:

Other	0	0	0	0
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Pharmacy Board

Supplemental

Operating Budget Reduction

General	Transfer In	28	42	0	0
State Government Special Rev	Expenditure	(28)	(42)	0	0
State Government Special Rev	Transfer Out	28	42	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Pharmacy Board Total Net Change:

General	(28)	(42)	0	0
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Pharmacy Board Total Net Change:

Other	0	0	0	0
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Physical Therapy Board

Supplemental

Operating Budget Reduction

General	Transfer In	6	9	0	0
State Government Special Rev	Expenditure	(6)	(9)	0	0
State Government Special Rev	Transfer Out	6	9	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Physical Therapy Board Total Net Change:

General	(6)	(9)	0	0
Other	0	0	0	0

Physical Therapy Board Total Net Change:

Podiatry Board

Supplemental

Operating Budget Reduction

General	Transfer In	1	2	0	0
State Government Special Rev	Expenditure	(1)	(2)	0	0
State Government Special Rev	Transfer Out	1	2	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Podiatry Board Total Net Change:

General	(1)	(2)	0	0
Other	0	0	0	0

Podiatry Board Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Psychology Board

Supplemental

Operating Budget Reduction

General	Transfer In	16	24	0	0
State Government Special Rev	Expenditure	(16)	(24)	0	0
State Government Special Rev	Transfer Out	16	24	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Psychology Board Total Net Change:

General	(16)	(24)	0	0
Other	0	0	0	0

Psychology Board Total Net Change:

Social Work Board

Supplemental

Operating Budget Reduction

General	Transfer In	18	28	0	0
State Government Special Rev	Expenditure	(18)	(28)	0	0
State Government Special Rev	Transfer Out	18	28	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Social Work Board Total Net Change:

General	(18)	(28)	0	0
Other	0	0	0	0

Social Work Board Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Health and Human Services

Veterinary Medicine Board

Supplemental

Operating Budget Reduction

General	Transfer In	4	6	0	0
State Government Special Rev	Expenditure	(4)	(6)	0	0
State Government Special Rev	Transfer Out	4	6	0	0

This proposal reduces the agency's operating budget in the state government special revenue fund by 3 percent of the unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. The savings amount shall be transferred to the general fund. The reductions and the transfer are one-time in the FY 2010-11 biennium. This reduction would result in limiting several operating expenses.

Veterinary Medicine Board Total Net Change:

General	(4)	(6)	0	0
Other	0	0	0	0

Veterinary Medicine Board Total Net Change:

Total Health and Human Services	Revenues	\$10,952	(\$35,683)	(\$4,002)	(\$6,060)
Total Health and Human Services	Expenditures	(\$8,447)	(\$762,513)	(\$522,892)	(\$545,077)

Public Safety

Corrections Dept

Supplemental

Eliminate STS Subsidy

General	Expenditure	(1,532)	(3,064)	(3,064)	(3,064)
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This proposal eliminates state funding of the Sentencing-to-Service (STS) crews. These crews work on local projects including clean-ups along highways. Counties currently pay for a portion of the program costs. Approximately 54 STS crew leaders would be laid off.

Reduce Offender Education

General	Expenditure	(308)	(615)	(615)	(615)
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This proposal for reducing operating costs would centralize the supervision of juvenile education programs, reduce adult vocational education, and reduce library hours for offenders. There would be a loss of approximately 5.6 FTEs.

Community Services Reductions

General	Expenditure	(80)	(160)	(160)	(160)
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This proposal for an operating reduction in the Community Services program includes reducing funding for reentry programming and the elimination of a position that may delay the processing of grants and contracts.

Operating Budget Reduction

General	Expenditure	(539)	(1,078)	(1,078)	(1,078)
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This proposal would reduce the agency's operating budget. The agency will have the authority to designate the specific items for reduction from all budget programs.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Public Safety

Corrections Dept

Transfer from the MINNCOR program

General	Transfer In	574	989	0	0
Correctional Industries	Expenditure	(574)	(989)	0	0
Correctional Industries	Transfer Out	574	989	0	0

This recommendation would transfer funding from MINNCOR, the department's prison industry program, in the FY 2010-2011 biennium. The amount is based on roughly 3 percent of the remaining unspent balance in the operating budget for FY 2010, and 3 percent of the operating budget in FY 2011. Up to 6 FTEs may be eliminated. These are one-time transfers.

Transfer from the Special Revenue Fund

General	Transfer In	201	402	0	0
Special Revenue	Expenditure	(201)	(402)	0	0
Special Revenue	Transfer Out	201	402	0	0

This proposal would transfer funds to the general fund in the FY 2010-11 biennium from the agency's special revenue accounts in an amount roughly equivalent to 3 percent of unspent operating funds in FY 2010 and 3 percent of operating funds in FY 2011. The agency will need to adjust expenditures to stay within the remaining revenues. Reductions may affect law library availability and juvenile programming options at MCF-Togo, in addition to some of the department's administrative responsibilities. These transfers are one-time.

Corrections Dept Total Net Change:	General	(3,234)	(6,308)	(4,917)	(4,917)
Corrections Dept Total Net Change:	Other	0	0	0	0

Court of Appeals

Supplemental

Operating Budget Reduction

General	Expenditure	(159)	(309)	(309)	(309)
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This proposal reduces the agency's operating budget in the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011.

Court of Appeals Total Net Change:	General	(159)	(309)	(309)	(309)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Public Safety

District Courts

Supplemental

Operating Budget Reduction

General	Expenditure	(4,242)	(6,987)	(6,471)	(6,471)
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This proposal, when added to anticipated cost savings for the proposal to transfer implied consent cases from the courts to the Office of Administrative Hearings, reduces the agency's operating budget in the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011.

Transfer Implied Consent Jurisdiction

General	Expenditure	0	(516)	(1,032)	(1,032)
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This proposal would transfer from the court system to the Office of Administrative Hearings (OAH) jurisdiction of implied consent cases involving license revocation and similar civil proceedings. This initiative would result in overall savings because the OAH would be able to adjudicate these cases for less funding than is expended currently. The cost savings would be achieved primarily by using hearing officers as adjudicators rather than district court judges, efficient docketing in that the hearing officers would only hear these types of cases, and limiting hearing locations to five by utilizing video-conferencing. When implemented for a full fiscal year, the proposal is estimated to save the courts \$1.03 million and cost the OAH \$640,000, for an overall savings of \$392,000 annually. The fiscal detail for this item includes only the impact for the District Courts.

District Courts Total Net Change:

General	(4,242)	(7,503)	(7,503)	(7,503)
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Human Rights Department

Supplemental

Operating Budget Reduction

General	Expenditure	(59)	(103)	(103)	(103)
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This proposal reduces the agency's operating budget by about 3 percent of the unspent portion in FY 2010 and 3 percent of the operating budget in FY 2011. Reductions in FY 2010 include travel for compliance audits and elimination of staff training. Staffing reductions by the end of FY 2011 may total 4 FTE. Case processing time may be extended beyond current statutory limits.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(79)	(79)
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This item is an extension of the Governor's unallotment plan. It continues general reductions in the agency's operating budget.

Human Rights Department Total Net Change:

General	(59)	(103)	(182)	(182)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Public Safety

Judicial Standards Board

Supplemental

Operating Budget Reduction

General	Expenditure	(10)	(14)	(14)	(14)
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This proposal is for a 3 percent operating budget reduction. It includes funding that is provided for special judicial investigations that is otherwise available until spent.

Judicial Standards Board Total Net Change:

General	(10)	(14)	(14)	(14)
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Private Detective Board

Supplemental

Operating Budget Reduction

General	Expenditure	(2)	(3)	(3)	(3)
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This is a 3 percent reduction to the Board's staffing budget.

Private Detective Board Total Net Change:

General	(2)	(3)	(3)	(3)
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Public Defense Board

Supplemental

Operating Budget Reduction

General	Expenditure	(815)	(1,561)	(1,561)	(1,561)
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This proposal reduces the agency's operating budget for the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011.

Grant Reductions

General	Expenditure	(90)	(823)	(823)	(823)
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This proposal reduces the agency's grant budget in the general fund by 6 percent of unspent funds in FY 2010 and 6 percent of the grant budget in FY 2011. This reduction primarily affects grants for public defense corporations.

Public Defense Board Total Net Change:

General	(905)	(2,384)	(2,384)	(2,384)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Public Safety

Public Safety Dept

Supplemental

State Share Disaster Funding

General	Expenditure	0	1,600	0	0
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A one-time appropriation of \$1.6 million in FY 2011 to the Department of Public Safety is recommended. This is to be additional match (25%) match to the federal share (75%) of disaster assistance to local governments for damage to streets, sewers, utilities, and other public infrastructure, suffered during declared disasters.

BCA Computer Infrastructure

General	Expenditure	0	200	0	0
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This proposal makes a one-time appropriation to the Bureau of Criminal Apprehension for enhancements to the predatory offender registry architecture, and for technical upgrades including the conversion of documents to a digital format.

Fire Safety Account Surplus Transfer

General	Transfer In	6,900	3,000	0	0
Special Revenue	Transfer Out	6,900	3,000	0	0

Revenues in this special revenue account come from a .65 percent surcharge on homeowner and commercial insurance policies. The account currently has a structural surplus of approximately \$4 million per year. The recommendation is to transfer the current balance and \$3 million of the estimated \$4 million structural surplus in both FY 2010 and FY 2011.

Operating Budget Reduction - IT

General	Expenditure	0	(82)	(82)	(82)
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This proposal recommends an annual reduction in the department's information technology (IT) activities starting in FY 2011. The reduction recommended is approximately 3 percent of the information technology budget of the administrative program.

Public Safety Dept Total Net Change:

General	(6,900)	(1,282)	(82)	(82)
Other	6,900	3,000	0	0

Public Safety Dept Total Net Change:

Sentencing Guidelines Comm

Supplemental

Operating Budget Reduction

General	Expenditure	(11)	(18)	(18)	(18)
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This proposal reduces the agency's operating budget in the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011. This reduction is expected to include rental and related cost savings from a likely move to state office space, and other general operating reductions.

Sentencing Guidelines Comm Total Net Change:

General	(11)	(18)	(18)	(18)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010
FY 2011
FY 2012
FY 2013

Public Safety

Supreme Court

Supplemental

Operating Budget Reduction

General	Expenditure	(529)	(938)	(938)	(938)
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This proposal reduces the agency's operating budget in the general fund by 3 percent of unspent funds in FY 2010 and 3 percent of the operating budget in FY 2011.

Grant Reduction

General	Expenditure	(327)	(726)	(726)	(726)
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This proposal reduces the agency's grant budget in the general fund by 6 percent of unspent funds in FY 2010 and 6 percent of the grant budget in FY 2011. This primarily affects grants for civil legal services.

Supreme Court Total Net Change:

General	(856)	(1,664)	(1,664)	(1,664)
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Tax Court

Supplemental

Operating Budget Reduction

General	Expenditure	(12)	(25)	(25)	(25)
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This item a 3 percent reduction to the tax court operating budget. The agency plans to implement these reductions by having each employee take 6 days of unpaid leave in FY 2010 and 14 days of unpaid leave in each FY 2011 - 2013.

Tax Court Total Net Change:

General	(12)	(25)	(25)	(25)
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Uniform Laws Commission

Supplemental

Operating Budget Reduction

General	Expenditure	0	(2)	(2)	(2)
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This proposal reduces the agency's operating budget in the general fund by 3 percent in FY 2011. FY 2010 funds have been spent. The reduction will likely come from dues paid to the national commission.

Uniform Laws Commission Total Net Change:

General	0	(2)	(2)	(2)
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Total Public Safety	Revenues	\$7,675	\$4,391	\$0	\$0
Total Public Safety	Expenditures	(\$1,815)	(\$12,224)	(\$17,103)	(\$17,103)

Transportation

Metropolitan Council

Supplemental

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Transportation

Metropolitan Council Operating Reduction - Transportation

General	Expenditure	(1,062)	(2,118)	(2,118)	(2,118)
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This proposal reduces the Metropolitan Council's appropriations for transportation operations permanently. The FY 2011 reduction is approximately 3 percent of the council's general fund operating appropriation. To the extent possible, the council will look to administrative efficiencies to address the reductions, but there could be small impacts on routes and services. Some open positions will go unfilled.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(1,625)	(1,625)
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This proposal would make the Governor's unallotment reductions to Metro Rail Operations and Metro Transit permanent.

Metropolitan Council Total Net Change:

General	(1,062)	(2,118)	(3,743)	(3,743)
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Transportation Dept

Supplemental

State Road Construction

Trunk Highway	Expenditure	0	104,000	0	0
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A newly enacted federal transportation funding bill includes additional funds for Minnesota in federal FY 2010. The funds must be appropriated to DOT by the state legislature before they can be spent.

Federal Emergency Relief Account

Trunk Highway	Expenditure	0	5,000	0	0
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Creates an account in the trunk highway fund to receive Federal Highway Administration (FHWA) emergency relief (ER) reimbursements. Funds in the account would be appropriated to the commissioner for FHWA approved ER costs, and would not cancel. Mn/DOT proposes an initial balance of \$5 million. FHWA reimbursements in later years would replenish the account for subsequent use. Creating this account will help prevent project delays that now occur when DOT uses operating funds for ER costs.

Non-Metro Transit Grant Reduction

General	Expenditure	(462)	(345)	(546)	(546)
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This proposal recommends a reduction to the general fund appropriation for non-metro transit assistance grants. The FY 2011 reduction is approximately 3 percent of the ongoing general fund appropriation in this area. This will likely will reduce service hours and passenger trips in many small rural cities and towns across the state. This may mean a loss of access to public transit for some very small communities.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Transportation

Transportation Dept

Miscellaneous Fund Transfers

General	Transfer In	405	588	0	0
Special Revenue	Expenditure	(265)	(376)	0	0
Special Revenue	Transfer Out	265	376	0	0
State Airports	Expenditure	(140)	(212)	0	0
State Airports	Transfer Out	140	212	0	0

This proposal recommends that the Office of Aeronautics transfer funds from the airports fund to the general fund. The Office will need to hold positions vacant to accomplish the savings necessary to make the transfers. The special revenue fund will also make transfers from four accounts; the County Partnership Blanket account, the Damage Restitution account, the Rail Service Improvement account, and the conference and seminar account.

Hazmat Registration Program Repeal

General	Expenditure	0	(125)	(125)	(125)
General	Non-Dedic Receipt	0	(32)	(32)	(32)
Trunk Highway	Non-Dedic Receipt	0	(93)	(93)	(93)

This recommendation repeals the uniform hazardous materials registration program. Since adopting this program in the early 1990's, the federal government has adopted rules requiring hazardous materials carriers to register with the federal Pipeline and Hazardous Materials Security Administration (PHMSA) under 49 CFR 107.601. This federal requirement makes state registration unnecessary.

Urban Partnership Reduction

General	Expenditure	(84)	0	0	0
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A 2.5 percent reduction in the 2008 general fund appropriation for the urban partnership is recommended. This will result in a small decrease in partnership activity in the areas of new technology, transit options and telecommuting outreach activities to reduce traffic congestion along the UPA corridors of 35W and Cedar Avenue.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(24)	(24)
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This proposal represents the continuation of the Governor's FY 2011 unallotments. Reductions include \$9,000 each year for transit improvement administration, \$9,000 each year for rail service planning, and \$6,000 each year from the Roosevelt Tower account.

Transportation Dept Total Net Change:	General	(951)	(1,026)	(663)	(663)
Transportation Dept Total Net Change:	Other	0	109,093	93	93

Total Transportation	Revenues	\$405	\$463	(\$125)	(\$125)
Total Transportation	Expenditures	(\$1,608)	\$106,412	(\$4,438)	(\$4,438)

Environment, Energy & Natural Resources

Commerce Dept

Supplemental

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	FY 2010	FY 2011	FY 2012	FY 2013
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Environment, Energy & Natural Resources

Commerce Dept

Operating Budget Reduction

General	Expenditure	(190)	(322)	(322)	(322)
General	Transfer In	1,111	325	0	0
Petroleum Tank Release Cleanup	Expenditure	(569)	(32)	0	0
Petroleum Tank Release Cleanup	Transfer Out	569	32	0	0
Special Revenue	Expenditure	(542)	(293)	0	0
Special Revenue	Transfer Out	542	293	0	0

This proposal reduces the general fund operating budget for the administrative services and market assurance programs by \$190,000 in FY 2010 and \$322,000 in FY 2011. The reductions for these programs are approximately 3 percent. To meet these reduction amounts, Commerce will continue to hold vacant positions open and reach the targets from salary savings. These reductions affect the agency's FY 2012-13 base budget. This proposal also reduces Commerce's non-general fund operating budgets by approximately 3 percent in FY 2010-11. The savings generated by the reductions are transferred to the general fund. To meet these reduction amounts, Commerce would hold vacant positions open and reduce operating budgets in a variety of areas including, but not limited to, the petroleum tank clean-up program, telecommunication access Minnesota program, auto theft prevention program, insurance fraud prevention, and renewable energy assistance. These reductions amounts and transfers to the general fund are one-time.

Program and Grant Reduction

General	Transfer In	697	398	0	0
Special Revenue	Expenditure	(697)	(398)	0	0
Special Revenue	Transfer Out	697	398	0	0

This item reduces Commerce's non-general fund program and grant budgets by approximately 6 percent in FY 2010-11. To meet these reductions amounts, Commerce will modify grant contracts in both FY 2010 and FY 2011. The savings amount generated by the reductions will be transferred to the general fund. The majority of these grant reductions are in the renewable energy area. These reductions are one-time and do not impact the Commerces' FY 2012-13 base.

Federal Licensing System Access

General	Expenditure	400	0	0	0
General	Non-Dedic Receipt	0	400	0	0

The federal Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) requires Commerce to access the newly created national mortgage licensing system (NMLS). The \$400,000 will be recovered through an assessment of roughly \$600 to \$700 on institutions licensed under Minnesota Statutes Chapter 58 in 2009.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Environment, Energy & Natural Resources

Commerce Dept

Notice Filing Fee

General	Non-Dedic Receipt	0	100	100	100
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This item eliminates current law exemptions from the notice filings for Rule 506 offerings and restores the scope of the notice filing requirement that existed before enactment of the most recent version of the Uniform Securities Act in 2007. The previous filing requirement was repealed in 2007, along with all other existing securities laws, when the legislature enacted the most recent version of the Uniform Securities Act. These filings assist Commerce with their anti-fraud activities.

Retroactive Continuing Education

General	Non-Dedic Receipt	(11)	(11)	(11)	(11)
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This proposal eliminates the continuing education course approval application process for licensees who are retroactively requesting approval. Commerce receives roughly 1,100 of these applications a year and requires a \$10 application fee.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(247)	(247)
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This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$97,000 is from administrative services and \$150,000 is from market assurance.

Commerce Dept Total Net Change:

Commerce Dept Total Net Change:

General	(1,587)	(1,534)	(658)	(658)
Other	0	0	0	0

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Environment, Energy & Natural Resources

Metropolitan Council Parks

Supplemental

Inflow and Infiltration

Clean Water Fund	Expenditure	0	2,000	2,000	2,000
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This proposal requests a \$2 million annual appropriation from the clean water fund beginning in FY 2011. This new money would assist Metropolitan Council in dealing with inflow and infiltration problems in the metro area and provide base level funding to address the issue into the future.

Clean Water Planning

Clean Water Fund	Expenditure	0	500	500	500
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This proposal requests a \$500,000 annual appropriation from the clean water fund beginning in FY 2011. This new money would assist Metropolitan Council to continue work on monitoring and analysis of the regional drinking water supply. It would also be used to conduct studies to better understand future demand and availability of surface and groundwater resources and to develop supply options where availability is limited. The results would provide guidance to local suppliers and regulatory agencies to ensure sustainability.

Regional Parks Reductions

General	Expenditure	0	(112)	(112)	(112)
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This proposal recommends a permanent general fund appropriation reduction for metro regional parks. The amount of the reduction is approximately three percent of the Metropolitan Council's FY 2011 general fund appropriation for these areas. This will result in smaller operations and maintenance grants awarded to metro regional parks in the future, but actual operating impacts should be small.

Unallotment Ratification

Regional Parks Reduction

General	Expenditure	0	0	(86)	(86)
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This proposal extends the Governor's FY 2011 general fund unallotment actions plan to FY 2012 and FY 2013. Reductions will occur in the grants given to metro area regional parks for operations and maintenance activities.

Metropolitan Council Parks Total Net Change:

General	0	(112)	(198)	(198)
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Metropolitan Council Parks Total Net Change:

Other	0	2,500	2,500	2,500
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Environment, Energy & Natural Resources

MN Conservation Corps

Supplemental

Operating Budget Reduction

General	Expenditure	(7)	(14)	(14)	(14)
General	Transfer In	7	15	0	0
Natural Resources	Expenditure	(7)	(15)	0	0
Natural Resources	Transfer Out	7	15	0	0

A general operating reduction in FY 2010 and in FY 2011 is recommended. The FY 2011 reduction is approximately three percent of the Minnesota Conservation Corp's general fund and natural resources fund appropriation. The general fund reduction is permanent while the natural resources fund reduction is current biennium only. Savings created in the natural resources fund will be transferred to the general fund.

MN Conservation Corps Total Net Change:

General	(14)	(29)	(14)	(14)
Other	0	0	0	0

MN Conservation Corps Total Net Change:

Natural Resources Dept

Supplemental

Emerald Ash Borer Loan Program

Environment & Natural Resource	Expenditure	0	1,000	0	0
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A new one-time \$1 million appropriation from the environmental trust fund is recommended to establish a revolving loan program to help address the mitigation of emerald ash borers and the damage they cause. The appropriation would be used to provide low or no interest loans to private land owners for removal of diseased shade trees on private land.

Youth Hunting Simplification

Game and Fish	Non-Dedic Receipt	0	(710)	(710)	(710)
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This initiative will eliminate a confusing set of youth hunting recommendations with a modern, simplified and customer-friendly regulatory structure that encourages participation while retaining safety requirements. The change will reduce the cost of hunting licenses for most youth. The long term goal is encouraging more youth to learn about and appreciate hunting. In the short-term it will reduce game and fish revenues, but eventually increase revenues as more youth hunters become adult hunters.

One-time ECS Appropriation

Natural Resources	Expenditure	0	250	0	0
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The Governor recommends an additional one-time appropriation from the heritage enhancement account of the lottery in lieu of sales tax distributions. The increased appropriation will be used to help maintain and expand the Ecological Classification System (ECS) program on state forest lands. ECS helps determine land capabilities and develop forest habitat management, restoration and improvement objectives by collecting plant and soil information and mapping native plant communities.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

		FY 2010	FY 2011	FY 2012	FY 2013
<u>Environment, Energy & Natural Resources</u>					
Natural Resources Dept					
Operating Budget Reduction					
General	Expenditure	(859)	(1,759)	(1,759)	(1,759)
General	Transfer In	195	2,102	195	195
Natural Resources	Expenditure	(97)	(1,907)	0	0
Natural Resources	Transfer Out	97	1,907	0	0
Special Revenue	Transfer Out	98	195	195	195

A general operating reduction in FY 2010 and in FY 2011 is recommended. These reductions would come in activities supported by both the general fund and the natural resources fund. The FY 2011 reduction is approximately three percent of the DNR's base operating funds (excluding federal funds, PILT payments and fire fighting activities). The general fund reduction is intended to be permanent while the natural resource fund reductions are in the current biennium only. Natural resource fund savings are transferred to the general fund. This proposal also includes termination of the stream bank loan program and transfers all future loan repayments to the general fund.

Extend LiDAR Appropriation

Clean Water Fund	Expenditure	0	(1,000)	1,000	0
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Laws of Minnesota 2009, Ch 172, Art 2, subd. 5d, provided \$2.8 million in FY 2010 and \$2.8 million in FY 2011 to do high-resolution digital elevation data (LiDAR) collection. This proposal recommends extending the availability of this appropriation another year, so DNR can complete the necessary work. DNR estimates that approximately \$1 million would remain unspent at the end of FY 2011 and would be made available in FY 2012. No additional money is recommended.

Appropriation of Court Surcharge

General	Transfer In	900	0	0	0
Game and Fish	Expenditure	0	460	460	460
Game and Fish	Transfer Out	900	0	0	0

Current law provides that one percent of court surcharges for certain offenders should be credited to the game and fish fund, but it does not provide specific appropriation language that allows spending. This proposal provides specific transfer and appropriation language for DNR activities beginning in FY 2011. It also transfers funds currently in the account and those surcharge funds accumulating through the end of FY 2010 to the general fund.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(1,377)	(1,377)
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This proposal extends the Governor's FY 2011 general fund unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$30,000 is from lands and minerals management, \$84,000 is from water resources management, \$188,000 is from forest resource management, \$421,500 is from parks and trails management, \$230,000 is from enforcement, \$112,500 is from operations support, \$265,000 is from fish and wildlife management and \$46,500 is from ecological services.

Natural Resources Dept Total Net Change:

General	(1,954)	(3,861)	(3,331)	(3,331)
Other	998	1,615	2,365	1,365

Natural Resources Dept Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Environment, Energy & Natural Resources

Pollution Control Agency

Supplemental

Operating Budget Reductions

General	Expenditure	(90)	(151)	(151)	(151)
General	Transfer In	1,136	1,768	0	0
Environmental	Expenditure	(680)	(1,127)	0	0
Environmental	Transfer Out	680	1,127	0	0
Remediation Fund	Expenditure	(118)	(179)	0	0
Remediation Fund	Transfer Out	118	179	0	0
Special Revenue	Expenditure	(328)	(462)	0	0
Special Revenue	Transfer Out	328	462	0	0

A general operating appropriation reduction in FY 2010 and in FY 2011 is recommended. These reductions would come in activities supported by the general fund, the special revenue fund, the environmental fund, and the remediation fund. The FY 2011 reduction is approximately three percent of the Pollution Control Agency's base operating funds (excluding federal funds). Only the general fund reduction is intended to be permanent while reduction in the other funds are this biennium only. This proposal includes transferring expenditure saving occurring in the special revenue, environment and remediation funds to the general fund.

Grant and Program Reductions

General	Expenditure	(186)	(304)	(304)	(304)
General	Transfer In	1,072	1,040	0	0
Environmental	Expenditure	(1,072)	(1,040)	0	0
Environmental	Transfer Out	1,072	1,040	0	0

This recommendation includes grant and program reductions in FY 2010 and FY 2011. These reductions would come in grant programs supported by both the general fund and the environmental fund and affect program areas including storm water compliance, local water protection, composting, environmental assistance, metro landfills, SCORE grants and E-waste activities. The FY 2011 reduction is approximately six percent of the Pollution Control Agency's base operating funds (excluding federal funds). Only the general fund reduction is intended to be permanent while the environmental fund grant reductions are current biennium only. This proposal also includes transferring expenditure saving occurring in environmental fund to the general fund.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(99)	(99)
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This proposal extends the Governor's FY 2011 general fund unallotment plan to FY 2012 and FY 2013 and makes it permanent. Of the reduction amount each year, \$16,240 is from multimedia program operations, \$30,000 annually is from environmental health and biomonitoring, \$14,740 annually is from administrative operations and \$38,020 annually is from water program operations.

Pollution Control Agency Total Net Change:

General	(2,484)	(3,263)	(554)	(554)
Other	0	0	0	0

Pollution Control Agency Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Environment, Energy & Natural Resources

Water & Soil Resources Board

Supplemental

Operating Budget Reduction

General	Expenditure	(90)	(140)	(140)	(140)
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A general fund operating reduction in FY 2010 and FY 2011 is recommended. The FY 2011 reduction is approximately three percent of the Board of Water and Soil Resources' general fund annual appropriation and is intended to be permanent. Some of the affected areas are drainage assistance and wetland conservation act oversight. Part of the FY 2010 and FY 2011 reduction is using unspent appropriation balances, primarily in unused southeast Minnesota flood appropriations. The recommendation includes a permanent general fund operating base reduction of \$140,000 annually beginning in 2012.

Grant Reductions

General	Expenditure	(384)	(320)	(320)	(320)
General	Transfer In	0	310	310	310
Special Revenue	Expenditure	0	(310)	(310)	(310)
Special Revenue	Transfer Out	0	310	310	310

This proposal provides for grant program reductions in FY 2010 and FY 2011 and beyond. The reduction in FY 2011 is approximately six percent of the Board of Water and Soil Resources' on-going general fund appropriation for grants. Affected areas will include agriculture watershed restoration, vegetation buffers, drainage assistance and wetland conservation act oversight grants. Part of the reduction will occur from permanently transferring returned grant funds back to the general fund for cancellation rather than re-granting these returned funds.

Water & Soil Resources Board Total Net Change:

General	(474)	(770)	(770)	(770)
Other	0	0	0	0

Water & Soil Resources Board Total Net Change:

Zoological Board

Supplemental

Operating Budget Reduction

General	Expenditure	(24)	(197)	(197)	(197)
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A general fund operating reduction in FY 2010 and FY 2011 is recommended. The FY 2011 reduction is approximately three percent of the zoo's general fund base appropriation. The reduction would be permanent. This change would lead to small reductions in repair and betterment activities, marketing, staff development, planning and some small exhibit development.

Zoological Board Total Net Change:

General	(24)	(197)	(197)	(197)
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Total Environment, Energy & Natural Resources Revenues	\$5,107	\$5,737	(\$116)	(\$116)
Total Environment, Energy & Natural Resources Expenditures	(\$432)	\$86	(\$973)	(\$1,973)

Agriculture & Veterans

Agriculture Dept

Supplemental

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

	FY 2010	FY 2011	FY 2012	FY 2013
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Agriculture & Veterans

Agriculture Dept

Operating Budget Reduction- General Fund

General	Expenditure	(268)	(502)	(502)	(502)
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This proposal reduces operating costs by \$268,000 in FY 2010 and \$502,000 in FY 2011. The reductions would include reassigning staff to dedicated funding sources and eliminating an administrative position, waiting to hire unfilled positions, eliminating the plant pest survey and reducing gypsy moth monitoring and inspection activities.

Operating Budget Reduction- Other Funds

General	Transfer In	411	635	0	0
Agriculture Fund	Transfer Out	405	629	0	0
Special Revenue	Transfer Out	6	6	0	0

This proposal requires that an amount equal to three percent of eligible operating expenditures in the Special Revenue and Agricultural Funds be transferred to the General Fund. This will be a one-time transfer of existing balances.

Grants and Program Reductions

General	Expenditure	(949)	(982)	(127)	(127)
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This proposal reduces the Minnesota Department of Agriculture's (MDA) program and grant spending by 6.7 percent. The largest reduction is a one-time decrease in ethanol producer payments (\$1.931 million), with the remainder making up reductions in grants to county fairs, livestock breeders, agricultural research and education organizations and Second Harvest Heartland. Mental health grants, farm-to-school grants, livestock investment grants and MDA's dairy development and profitability enhancement program are also reduced.

Tree care company fee implementation

Agriculture Fund	Dedicated Receipt	0	35	35	35
Agriculture Fund	Expenditure	0	35	35	35

This proposal implements a new fee for MDA's Tree Care Company Registry to better respond to threats from invasive tree pests such as the Emerald Ash Borer. Funds will be used to to update the Registry list, enforce the registry requirements and cover the costs of information dissemination to the companies on the Registry.

AFREC Grant Extension

Agriculture Fund	Expenditure	(800)	(400)	400	400
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This proposal extends the Agricultural Fertilizer Research and Education Council (AFREC) grant period from two to five years, acknowledging the extended time horizon required for agricultural research.

NextGen Energy Grant Extension

General	Expenditure	(1,762)	1,762	0	0
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This proposal seeks to extend the grant period of Next Gen Energy Grants an additional year, through FY 2011. Current economic conditions have made completing projects, many of which require outside funds, difficult. Currently the grant period will end at the end of FY 2010, before grant activities are complete.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(492)	(492)
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This proposal extends the Governor's FY 2010-11 operating unallotments. The unallotment affects the protection services, promotion and marketing, laboratory services, and administrative and financial assistance programs.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Agriculture & Veterans

Agriculture Dept

Agriculture Dept Total Net Change:	General	(3,390)	(357)	(1,121)	(1,121)
Agriculture Dept Total Net Change:	Other	(389)	235	400	400

Agriculture Utilization Resrch

Supplemental

AURI Reduction

General	Expenditure	(382)	(1,442)	(1,442)	(1,441)
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This proposal reduces state support for the Agricultural Utilization Research Institute (AURI) by 50% of the remaining appropriation for FY 2010-11.

Agriculture Utilization Resrch Total Net Change:	General	(382)	(1,442)	(1,442)	(1,441)
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Animal Health Board

Supplemental

Operating Budget Reduction

General	Expenditure	(87)	(141)	(141)	(141)
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This proposal reduces the Board of Animal Health's operating expenses by approximately three percent of the unspent funds remaining in the biennium. To achieve this reduction, the Board would eliminate planned software upgrades, reduce staff through attrition, reduce testing for avian pneumovirus, and rely more on current fee-based revenue to cover some inspection costs.

Animal Health Board Total Net Change:	General	(87)	(141)	(141)	(141)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010
FY 2011
FY 2012
FY 2013

Agriculture & Veterans

Veterans Affairs Dept

Supplemental

Fergus Falls Expansion- Operations

General	Expenditure	0	1,360	2,754	2,754
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This proposal funds an operational increase for a 21-bed addition to the Fergus Falls Veterans Home approved in the 2008 bonding bill. American Recovery and Reinvestment (ARRA) funds expedited the federal funding process, which means the expansion will be completed sooner than anticipated. As a result, operational funding will also be needed sooner than expected.

Mpls Adult Daycare- Operations

General	Expenditure	0	475	0	0
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This proposal funds one-time start-up and operational expenses related to a new Minneapolis Veterans Home Adult Daycare operation, construction for which will be completed in April 2011. Renovation of the building for this purpose was authorized in the 2005 bonding bill.

Military Funeral Honor Guard Funding

General	Expenditure	0	100	100	100
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This proposal provides ongoing funding for reimbursement to military funeral honor guards, who, upon request, provide services at veterans' funerals. This continues a one-time appropriation funded in FY 2008 for \$100,000.

Veterans Affairs Dept Total Net Change:

General	0	1,935	2,854	2,854
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Total Agriculture & Veterans	Revenues	\$411	\$670	\$35	\$35
Total Agriculture & Veterans	Expenditures	(\$3,837)	\$900	\$585	\$586

Economic Development

Accountancy Board

Supplemental

Operating Budget Reduction

General	Expenditure	(10)	(15)	(15)	(15)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, the Board of Accountancy will reduce purchasing, eliminate the vendor contract for their IT database and in FY 2011, reduce staffing by 1 full-time equivalent position.

Accountancy Board Total Net Change:

General	(10)	(15)	(15)	(15)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Architecture, Engineering Bd

Supplemental

Operating Budget Reduction

General	Expenditure	(17)	(24)	(24)	(24)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, the Board would reduce purchasing, eliminate staff training, reduce board member travel and reduce the number of Board meetings. In FY 2011, further reduction in the form of voluntary salary savings or a reduction of 1.5 full-time equivalent positions would be required.

Architecture, Engineering Bd Total Net Change:	General	(17)	(24)	(24)	(24)
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Arts Board

Supplemental

Transition to Non-Profit Organization

General	Expenditure	0	(2,875)	(5,749)	(8,624)
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This item reduces the Arts Board's general fund base appropriation by \$2.875 million in FY 2011 and \$5.749 in FY 2012 as they transition to a non-profit organization. Beginning in FY 2013 the Arts Board would not receive a general fund appropriation. The decreasing amount of state funding provided to the Arts Board will impact programs and services by the Board, but the Governor believes this transition is necessary to deal with the current budget deficit.

Arts Board Total Net Change:	General	0	(2,875)	(5,749)	(8,624)
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Barber Examiners Board

Supplemental

Operating Budget Reduction

General	Expenditure	(3)	(6)	(6)	(6)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, Barbers Board will continue to operate with reduced and very limited staffing levels.

Barber Examiners Board Total Net Change:	General	(3)	(6)	(6)	(6)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Combative Sports Commission

Supplemental

Operating Budget Reduction

General	Expenditure	(4)	(6)	0	0
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This item reduces the general fund operating budget by approximately 5 percent in FY 2010-11. To meet these reduction amounts Combative Sports will reduce various operating expenses and utilize unobligated account balances in the special revenue fund. Currently, the Combative Sports Commission will not receive a general fund appropriation for FY 2012-13.

Combative Sports Commission Total Net Change:

General	(4)	(6)	0	0
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Cosmetologist Examiners Bd

Supplemental

Operating Budget Reduction

General	Expenditure	(13)	(20)	(20)	(20)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts the Cosmetology Board would reduce salary costs.

Cosmetologist Examiners Bd Total Net Change:

General	(13)	(20)	(20)	(20)
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Employment & Economic Dev Dept

Supplemental

Grant and Program Reduction

General	Expenditure	(1,093)	(1,602)	(1,602)	(1,602)
General	Transfer In	527	367	0	0
Petroleum Tank Release Cleanup	Expenditure	(367)	(367)	0	0
Petroleum Tank Release Cleanup	Transfer Out	367	367	0	0
Special Revenue	Transfer Out	160	0	0	0

This proposal reduces the general fund program budget by approximately 6 percent in FY 2010-11. To meet these reduction amounts, DEED would reduce general fund grants across most of its programs. Affected grant programs may include, but are not limited to, contaminated grants, jobs skills partnership, independent living services, extended employment, supported employment, services for the blind and other pass-thru grants. Reductions to DEED's general fund grant programs affect the agency's FY 2012-13 base budget. This item also includes one-time transfers to the general fund from the capital access program and petroleum tank release cleanup program. These reductions and transfers to the general fund are one-time and do not affect DEED's FY 2012-13 base budget.

Operating Budget Reduction

General	Expenditure	(325)	(325)	(325)	(325)
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This item reduces DEED's general fund operating budget by approximately 3 percent in FY 2010-2011. To meet these reduction amounts, DEED will hold positions vacant, reduce investments in technology and reduce contract and other operating expenses. The programs affected include: business and community development, extended employment, services for the blind, administration and the office of science and technology.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Employment & Economic Dev Dept

21st Century Minerals Fund Transfer

General	Transfer In	5,000	0	0	0
Special Revenue	Transfer Out	5,000	0	0	0

This proposal transfers \$5 million from the 21st century minerals fund to the general fund. This is a one-time transfer to the general fund.

Section 125 Grant Funds

Health Care Access	Expenditure	(998)	0	0	0
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This proposal reduces \$997,900 of the \$1 million appropriation DEED received to provide grants of \$350 to employers to help offset costs of establishing Section 125 plans. Section 125 of the internal revenue code provides a mechanism for employees to pay for health insurance premiums with pre-tax dollars.

Application Fee- Infrastructure Programs

Special Revenue	Dedicated Receipt	125	125	125	125
Special Revenue	Expenditure	125	125	125	125

The Governor's bonding bill proposes the merger of the greater Minnesota business development public infrastructure program and the bioscience business development public infrastructure program into a single, state-wide program. This item shows the fiscal impact of the fee included in the proposed public infrastructure program. Based upon a \$25 million bonding appropriation, the new fee would generate \$500,000 over 4 years for administration. The fee, paid by local governments, is equal to 2 percent of their grant award.

UI State Administration Transfer

General	Transfer In	80	0	0	0
Special Revenue	Transfer Out	80	0	0	0

This item provides a one-time transfer from DEED's unemployment insurance state administration account to the general fund.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(285)	(285)
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This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$85,000 is from the business and community development program, \$115,000 is from workforce development program and \$83,000 is from the state-funded administration program.

Employment & Economic Dev Dept Total Net Change:	General	(7,025)	(2,294)	(2,212)	(2,212)
Employment & Economic Dev Dept Total Net Change:	Other	4,242	0	0	0

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Explore Minnesota Tourism

Supplemental

Film &TV Board Transition to Non-Profit

General	Expenditure	(700)	(325)	(325)	(325)
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This proposal reduces the amount of funds available for the film jobs production program in FY 2010 by \$700,000 and eliminates the general fund appropriation to the Film Board for operations starting in FY 2011. The phase out in state funding provided to the Film and TV Board will impact programs and services by the Board, but the Governor believes this transition is necessary to deal with the current budget deficit.

Operating Budget Reduction

General	Expenditure	(238)	(300)	(300)	(300)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, EMT will hold positions vacant, reduce telecommunications and printing costs, delay database and web enhancements and reduce marketing efforts.

Eliminate Innovative Grants Program

General	Expenditure	0	(47)	(47)	(47)
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This proposal reduces the general fund program budget by approximately 6 percent in FY 2011. To reach this reduction amount, EMT would end the innovative grants program. This program provides marketing grants to communities.

Explore Minnesota Tourism Total Net Change:

General	(938)	(672)	(672)	(672)
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Historical Society

Supplemental

Operating Budget Reduction

General	Expenditure	(217)	(501)	(501)	(501)
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This item reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, Historical Society would reduce staffing levels in the education and outreach and preservation and access programs. This reduction would impact open hours or staffing levels at historic sites and the History Center Museum.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(168)	(168)
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This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$96,000 is from the education and outreach program and \$72,000 is from the preservation and access program.

Historical Society Total Net Change:

General	(217)	(501)	(669)	(669)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Housing Finance Agency

Supplemental

Program Budget Reduction

General	Expenditure	0	(2,603)	(2,603)	(2,603)
General	Transfer In	2,061	0	0	0
Housing Finance Agency	Expenditure	(2,061)	0	0	0
Housing Finance Agency	Transfer Out	2,061	0	0	0

This proposal reduces Minnesota Housing programs funded by the general fund by approximately 6 percent in FY 2010-11. To reach these reduction amounts, Minnesota Housing would reduce the preservation of affordable rental investment fund (PARIF) program by \$2.061 million in FY 2010 and \$1.603 million in FY 2011. In FY 2011, Minnesota Housing would also reduce the rehabilitation loan program by \$1 million.

Unallotment Ratification

Program Budget Reduction

General	Expenditure	0	0	(256)	(256)
---------	-------------	---	---	-------	-------

This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$256,000 is from the housing rehabilitation program.

Housing Finance Agency Total Net Change:

General	(2,061)	(2,603)	(2,859)	(2,859)
Housing Finance Agency Total Net Change:	0	0	0	0

Housing Finance Agency Total Net Change:

Iron Range Resources

Supplemental

Douglas J Johnson Trust Fund Transfer

General	Transfer In	30,000	0	0	0
NE MN Economic Protection	Transfer Out	30,000	0	0	0

This item provides a one-time transfer of \$30 million from the Douglas J. Johnson economic protection trust fund to the general fund.

Iron Range Resources Total Net Change:

General	(30,000)	0	0	0
Iron Range Resources Total Net Change:	30,000	0	0	0

Iron Range Resources Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

Labor and Industry Dept

Supplemental

Operating Budget Reduction

General	Expenditure	(16)	(26)	(26)	(26)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, DLI would reduce the labor standards program by 1 full-time equivalent position.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(20)	(20)
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This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$20,000 is from the labor standards/apprenticeship program.

Labor and Industry Dept Total Net Change:

General	(16)	(26)	(46)	(46)
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Mediation Services Bureau

Supplemental

Operating Budget Reduction

General	Expenditure	(27)	(47)	(47)	(47)
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This proposal reduces the general fund operating budget by approximately 3 percent in FY 2010-11. To meet these reduction amounts, Mediation Services would hold a vacant mediator position open.

Labor Management Cooperation Grant

General	Expenditure	(4)	(6)	(6)	(6)
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This proposal reduces the general fund program budget by approximately 6 percent in FY 2010-11. To meet this reduction, BMS would decrease the labor management cooperation grant program.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(16)	(16)
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This proposal extends the Governor's FY 2011 unallotment plan to FY 2012 and FY 2013. Of the reduction amount each year, \$16,000 is from the mediation services program.

Mediation Services Bureau Total Net Change:

General	(31)	(53)	(69)	(69)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

Economic Development

MN Humanities Commission

Supplemental

Eliminate General Fund Appropriation

General	Expenditure	0	(250)	(250)	(250)
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This proposal eliminates the Humanities Centers' annual general fund appropriation.

MN Humanities Commission Total Net Change:

General	0	(250)	(250)	(250)
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Public Facilities Authority

Supplemental

Small Community Wastewater Treatment

General	Expenditure	(11)	(7)	(7)	(7)
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This proposal reduces PFA's small community wastewater treatment grant program by \$11,000 in FY 2010 and \$7,000 in FY 2011.

Public Facilities Authority Total Net Change:

General	(11)	(7)	(7)	(7)
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Total Economic Development	Revenues	\$37,793	\$492	\$125	\$125
Total Economic Development	Expenditures	\$31,689	(\$8,860)	(\$12,473)	(\$15,348)

State Government

Administration Dept

Supplemental

Operating Budget Reduction

General	Expenditure	0	(327)	(327)	(327)
General	Transfer In	216	0	0	0
Central Stores	Transfer Out	209	0	0	0
Special Revenue	Transfer Out	7	0	0	0

The proposal reduces the Department of Administrations's FY 2010 and FY 2011 operating budget by 3 percent of the unspent funds that are not related to internal service funds. The agency proposes to meet the FY 2010 target through a one-time transfer to the general fund of \$209,000 in contributed capital from the office supply connection fund. The FY 2011 reduction would be accomplished through reducing the general fund budget of the state recycling center. This proposal also reduces by 3 percent the balance for utility rebates and eliminates the balances in the special revenue fund related to the commuter van program, which has been discontinued, and archaeology burial. The total savings from these other funds is \$7,000, which is transferred to the general fund as a one-time transfer.

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Administration Dept

Grant Reductions

General	Expenditure	0	(2,023)	(2,023)	(2,023)
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This proposal reduces by 6 percent the FY 2011 self-advocacy network grant to the Council on Developmental Disabilities. Beginning with FY 2011, the proposal also eliminates several public broadcasting grants. Those grants include public television grants of \$1.2 million, public television equipment grants of \$200,000, a twin cities regional cable grant of \$17,000, public radio community service grants of \$287,000, public radio equipment grants of \$100,000, and Minnesota Public Radio equipment grants of \$250,000.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(200)	(200)
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This item makes permanent the FY 2011 operating unallotment, which reduces the government and citizens services program by \$200,000 each year. The savings will be achieved by allocating to project funding the project managers' time spent in direct support of capital improvement projects.

Administration Dept Total Net Change:

Administration Dept Total Net Change:

General	(216)	(2,350)	(2,550)	(2,550)
Other	216	0	0	0

Administrative Hearings

Supplemental

Operating Budget Reduction

General	Expenditure	(8)	(8)	(8)	(8)
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This proposal reduces the general fund budget for the Office of Administrative Hearings by 3 percent of the unspent funds in FY 2010 and 3 percent of the FY 2011 appropriation. The reduction would result in limited website enhancements.

Transfer of Implied Consent Jurisdiction

General	Expenditure	0	495	640	640
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This proposal would transfer from the court system to the Office of Administrative Hearings (OAH) jurisdiction of implied consent cases involving license revocation and similar civil proceedings. This initiative would result in overall savings because the OAH would be able to adjudicate these cases for less funding than is expended currently. The cost savings would be achieved primarily by using hearing officers as adjudicators rather than district court judges, efficient docketing in that the hearing officers would only hear these types of cases, and limiting hearing locations to five by utilizing video-conferencing. When implemented for a full fiscal year, the proposal is estimated to save the courts \$1.03 million and cost the OAH \$640,000, for an overall savings of \$392,000 annually. The fiscal detail for this item includes only the impact for the OAH.

Administrative Hearings Total Net Change:

Administrative Hearings Total Net Change:

General	(8)	487	632	632
Other				

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Amateur Sports Comm

Supplemental

Operating Budget Reduction

General	Expenditure	(4)	(8)	(8)	(8)
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Reduces the Amateur Sports Commission (MASC) operating budget by 3 percent of unspent funds in FY 2010 and FY 2011. MASC will meet the reduction target by shifting some salary costs to non-state funds.

Amateur Sports Comm Total Net Change:

General	(4)	(8)	(8)	(8)
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Asian-Pacific Council

Supplemental

Operating Budget Reduction

General	Expenditure	(5)	(8)	(8)	(8)
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This proposal reduces the Asian-Pacific Council's general operating budget by 3 percent of the unspent funds in FY 2010 and 3 percent of the appropriation in FY 2011. This reduction would result in reduced staff hours and limiting other operating expenses.

Asian-Pacific Council Total Net Change:

General	(5)	(8)	(8)	(8)
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Attorney General

Supplemental

Operating Budget Reduction

General	Expenditure	(436)	(1,390)	(1,390)	(1,390)
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This proposal would reduce the direct appropriated general fund budget for the Attorney General's Office by approximately 3 percent of unspent funds in FY 2010 and by 6 percent starting in FY 2011. Constitutional offices are not subject to the additional 3 percent operating budget reduction recommended for state agencies; therefore the Governor recommends a 6 percent operating reduction beginning in FY 2011 for those offices. The Governor respects the authority for constitutional officers to present their budgets independently. However, the Governor recommends this reduction in order to submit a balanced budget.

Attorney General Total Net Change:

General	(436)	(1,390)	(1,390)	(1,390)
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Attorney General Total Net Change:

Other				
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Black Minnesotans Council

Supplemental

Operating Budget Reduction

General	Expenditure	(5)	(9)	(9)	(9)
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This proposal reduces the Black Minnesotans Council's general operating budget by 3 percent of the unspent funds in FY 2010 and 3 percent of the appropriation in FY 2011. This reduction would result in reduced staff hours and limiting other operating expenses.

Black Minnesotans Council Total Net Change:

General	(5)	(9)	(9)	(9)
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Campaign Fin & Pub Disc Bd

Supplemental

Operating Budget Reduction

General	Expenditure	(28)	(8)	(22)	(22)
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This proposal reduces the direct appropriated general fund budget for the Campaign Finance and Public Disclosure Board by 3 percent of the unspent FY 2010 funds and 3 percent of the FY 2011 appropriation. This reduction would result in hiring delays, reduced data entry, and eliminating some advertising.

Campaign Fin & Pub Disc Bd Total Net Change:

General	(28)	(8)	(22)	(22)
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Capitol Area Architect Bd

Supplemental

Operating Budget Reduction

General	Expenditure	(6)	(11)	(11)	(11)
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This proposal reduces the direct appropriated general fund budget for the Capitol Area Architectural and Planning Board by 3 percent of the unspent FY 2010 funds and 3 percent of the FY 2011 appropriation. This reduction would result in some combination of reduced hours for employees, fewer meetings, limited staff training, or other operating expense reductions.

Capitol Area Architect Bd Total Net Change:

General	(6)	(11)	(11)	(11)
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Capitol Area Architect Bd Total Net Change:

Other				
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Chicano Latino Affairs Council

Supplemental

Operating Budget Reduction

General	Expenditure	(6)	(9)	(9)	(9)
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This proposal reduces the Chicano Latino Affairs Council's general fund operating budget by 3 percent of the unspent funds in FY 2010 and 3 percent of the appropriation in FY 2011. This reduction would result in reducing staff hours and eliminating other operating expenses such as car rental, mail services and phone services.

Chicano Latino Affairs Council Total Net Change:	General	(6)	(9)	(9)	(9)
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Enterprise Technology Office

Supplemental

Operating Budget Reduction

General	Expenditure	(111)	(169)	(169)	(169)
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This item reduces the Office of Enterprise Technology (OET) general fund operating budget by 3 percent of unspent funds in FY 2010 and FY 2011. OET would meet the reduction target by scaling back salary, operating, and consulting costs in the enterprise planning and management program.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(130)	(130)
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This item makes permanent the FY 2011 operating unallotment, which reduces \$96,000 per year from the enterprise IT security program and \$34,000 per year from the enterprise planning and management program.

Enterprise Technology Office Total Net Change:	General	(111)	(169)	(299)	(299)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Gambling Control Board

Supplemental

Operating Budget Reduction

General	Transfer In	51	88	0	0
Special Revenue	Expenditure	(51)	(88)	0	0
Special Revenue	Transfer Out	51	88	0	0

This item reduces the agency operating budget by 3 percent in FY 2010 and FY 2011, with the savings transferred to the general fund. The Gambling Control Board will achieve these savings by not replacing two retired employees and by holding open a part-time administrative position, which the agency had planned to offset declining receipts in the fee-supported account. The reduction and the transfer will be one-time in FY 2010 and FY 2011.

Problem Gambling Grant Reduction

General	Transfer In	0	30	0	0
Lottery Cash Flow	Expenditure	0	(50)	0	0
Lottery Cash Flow	Transfer Out	0	50	0	0
Environmental Trust	Transfer In	0	20	0	0

Eliminates the contingent portion of a grant in FY 2011 to a nonprofit organization serving problem gamblers. The grant is made from the lottery prize fund, therefore the savings would increase net lottery proceeds, which are divided 60 percent to the general fund and 40 percent to the environment and natural resources trust fund.

Gambling Control Board Total Net Change:

General	(51)	(118)	0	0
Other	0	(20)	0	0

Gambling Control Board Total Net Change:

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Governors Office

Supplemental

Operating Budget Reduction

General	Expenditure	(64)	(210)	(210)	(210)
General	Transfer In	10	42	0	0
Special Revenue	Transfer Out	10	42	0	0

This proposal reduces the Office of the Governor's operating budget for the general and special revenue funds by 3 percent of unspent funds in FY 2010 and by 6 percent in FY 2011, with the special revenue fund savings transferred to the general fund. Constitutional offices are not subject to the additional 3 percent operating budget reduction recommended for state agencies; therefore the Governor recommends a 6 percent operating reduction beginning in FY 2011 for those offices. The special revenue fund reduction and transfer occur one-time in FY 2010 and FY 2011. This proposal would result in limiting several operating expenses.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(81)	(81)
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This item makes permanent the FY 2011 operating budget unallotment, which reduces by \$81,000 each year the operating budget for the Offices of the Governor and Lieutenant Governor.

Governors Office Total Net Change:

General	(74)	(252)	(291)	(291)
Other	10	42	0	0

Governors Office Total Net Change:

Indian Affairs Council

Supplemental

Operating Budget Reduction

General	Expenditure	(9)	(14)	(14)	(14)
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This proposal reduces the Indian Affairs Council's general fund operating budget by 3 percent of the unspent funds in FY 2010 and 3 percent of the appropriation in FY 2011. This reduction would result in reduced staff hours and limiting other operating expenses.

Indian Affairs Council Total Net Change:

General	(9)	(14)	(14)	(14)
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Investment Board

Supplemental

Operating Budget Reduction

General	Expenditure	(2)	(5)	(5)	(5)
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This proposal is a 3 percent reduction to the remaining FY 2010 operating budget and 3 percent of the FY 2011 operating appropriation the Investment Board receives to manage state funds.

Investment Board Total Net Change:

General	(2)	(5)	(5)	(5)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Legislature

Supplemental

Operating Budget Reduction

General	Expenditure	(1,121)	(4,056)	(4,056)	(4,056)
Health Care Access	Expenditure	(5)	(10)	(10)	(10)

This item reduces the Legislature operating budget by 3 percent of unspent funds in FY 2010 and by 6 percent starting in FY 2011, including direct appropriations in the general fund and the health care access fund. The Legislature is not subject to the additional 3 percent operating budget reduction recommended for state agencies; therefore the Governor recommends a 6 percent operating reduction beginning in FY 2011. The Governor respects the authority for separate branches of government to present their budgets independently. However, the Governor recommends this reduction in order to submit a balanced budget.

Operating Budget Reduction-Carry Forward

General	Expenditure	0	(536)	0	0
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Cancels to the general fund an amount roughly equal to 6 percent of the balance in the Legislature carry forward accounts. The Governor respects the authority for separate branches of government to present their budgets independently. However, the Governor recommends this reduction in order to submit a balanced budget.

Legislature Total Net Change:

General	(1,121)	(4,592)	(4,056)	(4,056)
Other	(5)	(10)	(10)	(10)

Legislature Total Net Change:

Lottery

Supplemental

New Lottery Game Revenue

General	Non-Dedic Receipt	0	5,000	10,000	10,000
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Reflects potential increased revenue from the implementation of new lottery games during 2010.

Lottery Total Net Change:

General	0	(5,000)	(10,000)	(10,000)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Minnesota Management & Budget

Supplemental

Operating Budget Reduction

General	Expenditure	(386)	(599)	(599)	(599)
General	Transfer In	9	11	0	0
Special Revenue	Expenditure	(9)	(11)	0	0
Special Revenue	Transfer Out	9	11	0	0

This recommendation would reduce the general fund operating budget by 3 percent of unspent funds in FY 2010 and FY 2011. Budget reductions will come from not replacing all staff moving to the Statewide Integrated Financial Tools (SWIFT) project during the current biennium and restructuring related operations. This item also transfers \$9,000 in FY 2010 and \$11,000 in FY 2011 to the general fund from agency operating accounts in the special revenue fund. To make these transfers, the agency will reduce expenditures in revolving accounts that support internal agency technology services and the statewide combined charities campaign.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(459)	(459)
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This item makes permanent the FY 2011 operating unallotment of \$459,000 per year.

Minnesota Management & Budget Total Net Change:	General	(395)	(610)	(1,058)	(1,058)
Minnesota Management & Budget Total Net Change:	Other	0	0	0	0

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010
FY 2011
FY 2012
FY 2013

State Government

MMB Non-Operating

Supplemental

Additional 3% Operating Budget Reduction

General	Expenditure	0	(9,000)	(9,000)	(9,000)
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This item reduces state agency operating budgets beyond the reductions made in other budget proposals. To the extent possible, the additional \$9 million per year in operational savings will be achieved through consolidation of select information technology functions and other shared services, improved space utilization, professional/technical contract reductions, and other efficiency measures identified by Minnesota Management & Budget in cooperation with the Department of Administration and the Office of Enterprise Technology. If the entire amount of the reduction is not realized in savings through these efficiency measures, the remainder will be allocated as reductions to agency budgets.

Eliminate ARRA Contingency Fund

General	Expenditure	(750)	0	0	0
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Eliminates a contingent account created to help agencies meet any unanticipated matching requirements for federal stimulus funds under the American Recovery and Reinvestment Act (ARRA). The account is no longer needed since no requests have been made for these funds and most stimulus dollars have been awarded.

Governor-Elect Transition Expenses

General	Expenditure	0	0	0	0
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M.S. 4.51 provides that an amount equal to 1.5 percent of the Governor's Office appropriation may be transferred from the general fund contingent account to the commissioner of administration to pay expenses of the governor-elect. This initiative would amend M.S. 4.51 to provide \$162,000 to the commissioner of management and budget for governor-elect transition expenses. Since these funds come from the existing \$500,000 general fund appropriation for contingencies, no new appropriations are needed.

MMB Non-Operating Total Net Change:

General	(750)	(9,000)	(9,000)	(9,000)
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Racing Commission

Supplemental

Operating Budget Reduction

General	Transfer In	19	29	0	0
Special Revenue	Expenditure	(19)	(29)	0	0
Special Revenue	Transfer Out	19	29	0	0

This recommendation reduces the agency operating budget by 3 percent of unspent funds in FY 2010 and FY 2011, with the savings transferred to the general fund. The Racing Commission has already reduced expenditures by this amount due to declining receipts in the fee-supported account. The reduction and transfer are one-time in FY 2010 and FY 2011.

Racing Commission Total Net Change:

General	(19)	(29)	0	0
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Racing Commission Total Net Change:

Other	0	0	0	0
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

Revenue Dept

Supplemental

Operating Budget Reduction

General	Expenditure	(768)	(1,270)	(1,270)	(1,270)
Health Care Access	Expenditure	(11)	(17)	(17)	(17)

This item is a 3 percent reduction to the portion of the Department of Revenue operating budget categorized as compliance support, which comprises one third of the overall DOR operating budget.

Tax Compliance Initiative

General	Expenditure	0	6,727	6,727	6,727
General	Non-Dedic Receipt	0	26,865	26,865	26,865

This proposal is an appropriation of \$6.7 million to the Department of Revenue to increase compliance related activities. The department estimates a 4:1 return on investment for this initiative netting \$20.1 million per year.

Tax Preparer E-file Requirements

General	Expenditure	0	(78)	(78)	(78)
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This proposal is to adopt the federal e-file threshold that requires tax preparers to file electronically if they prepare more than 10 income tax returns. This provision would result in administrative savings to the Department of Revenue.

Unallotment Ratification

Operating Budget Reduction

General	Expenditure	0	0	(950)	(950)
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This item makes permanent the FY 2011 operating unallotment of \$950,000 per year. This reduction is from the tax systems management program.

Revenue Dept Total Net Change:

Revenue Dept Total Net Change:

General	(768)	(21,486)	(22,436)	(22,436)
Other	(11)	(17)	(17)	(17)

Secretary of State

Supplemental

Operating Budget Reduction

General	Expenditure	(104)	(354)	(354)	(354)
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This proposal reduces the direct appropriated general fund budget for the Secretary of State by approximately 3 percent of unspent funds in FY 2010 and by 6 percent starting in FY 2011. Constitutional offices are not subject to the additional 3 percent operating budget reduction recommended for state agencies; therefore the Governor recommends a 6 percent operating reduction beginning in FY 2011 for those offices. The Governor respects the authority for constitutional officers to present their budgets independently. However, the Governor recommends this reduction in order to submit a balanced budget as required by law.

Secretary of State Total Net Change:

Secretary of State Total Net Change:

General	(104)	(354)	(354)	(354)
Other				

Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

State Government

State Auditor

Supplemental

Operating Budget Reduction

General	Expenditure	(32)	(110)	(110)	(110)
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This proposal reduces the direct appropriated general fund budget for the State Auditor's Office by approximately 3 percent of unspent FY 2010 funds and by 6 percent of FY 2011 funds that are not recoverable through audit fees. Constitutional offices are not subject to the additional 3 percent operating budget reduction recommended for state agencies; therefore the Governor recommends a 6 percent operating reduction beginning in FY 2011 for those offices. The Governor respects the authority for constitutional officers to present their budgets independently. However, the Governor recommends this reduction in order to submit a balanced budget.

State Auditor Total Net Change:

General	(32)	(110)	(110)	(110)
Other				

State Auditor Total Net Change:

Total State Government	Revenues	\$305	\$32,085	\$36,865	\$36,865
Total State Government	Expenditures	(\$3,635)	(\$12,965)	(\$14,160)	(\$14,160)

Capital Budget & Debt Service

Capital Projects

Supplemental

Cash Projects in Bonding Recommendation

General	Expenditure	400	600	400	400
Trunk Highway	Expenditure	22,800	0	0	0

This item reflects the cost of cash projects included in the Governor's bonding recommendations. The general fund component includes \$400,000 per year to pay debt service on taxable non-profit housing bonds issued by Minnesota Housing Finance, \$200,000 one-time to the Administration Department for agency relocation costs, and \$400,000 one-time for administrative costs of the wastewater infrastructure fund program operated by the Public Facilities Authority and the Pollution Control Agency. The trunk highway fund portion includes \$22.8 million for five construction and design projects at various Transportation Department facilities around the state.

Debt Service Savings

General	Expenditure	0	(365)	(1,429)	(3,031)
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The Governor is proposing \$685 million in new general obligation bonding, which creates savings in projected debt service payments relative to the November 2009 forecast. Consistent with joint executive-legislative policy on forecasting future debt service costs, the forecast reflected debt service costs for \$725 million in general obligation bonding.

Capital Projects Total Net Change:

General	400	235	(1,029)	(2,631)
Other	22,800	0	0	0

Capital Projects Total Net Change:

Total Capital Budget & Debt Service	Expenditures	\$23,200	\$235	(\$1,029)	(\$2,631)
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Governor's 2010 Supplemental Budget Recommendations

All Funds by Omnibus Bill and Agency

(\$ in Thousands)

FY 2010 FY 2011 FY 2012 FY 2013

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Total Net Change General	(\$96,607)	(\$1,115,509)	(\$2,121,440)	(\$872,269)
Total Net Change Other	\$68,017	\$120,174	(\$255,548)	(\$279,853)