

1992-93
Proposed
Biennial
Budget



Human Development

Presented by
GOVERNOR ARNE CARLSON
to the
77th LEGISLATURE
STATE OF MINNESOTA

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Minnesota Department of Human Services Organization Chart February 12, 1991

Office of Commissioner

State	8.0
Federal	-0-
Spec. Rev.	-0-
Cur. Pos.	8.0

Central Office Summary

State	827.50
Federal	125.75
Spec. Rev.	45.00
Total	998.25

Finance and Management	
State	159.0
Federal	7.0
Spec. Rev.	6.0
Cur. Pos.	172.0
New Pos.	1.0
Total	173.0

Legal and Intergovernmental	
State	123.0
Federal	21.0
Spec. Rev.	2.0
Cur. Pos.	146.0
New Pos.	-0-
Total	146.0

Family & Children's Services	
State	46.50
Federal	74.25
Spec. Rev.	4.00
Cur. Pos.	124.75
Adjust.	(1.0)
Total	123.75

Mental Health	
State	45.0
Federal	10.0
Spec. Rev.	-0-
Cur. Pos.	55.0
New Pos.	6.5
Total	61.5

Family Support	
State	129.0
Federal	13.5
Spec. Rev.	27.0
Cur. Pos.	169.5
Adjust.	63.0
New Pos.	8.0
Total	240.5

Health Care and Residential	
State	317.0
Federal	-0-
Spec. Rev.	6.0
Cur. Pos.	323.0
Adjust.	1.5
New Pos.	35.0
Total	359.5

Regional Treatment Centers	
State	4771.0
Federal	1.0
Spec. Rev.	265.0
Cur. Pos.	5037.5
State 6/93	(393.0)
Adjust. 6/91	(62.0)
Spec. Rev.	(200.5)
Total	4,382.0

State Nursing Homes	
State	533.5
Federal	-0-
Spec. Rev.	12.0
Cur. Pos.	545.5
Adjust. 6/91	(35.0)
Spec. Rev.	(11.0)
Total	499.5

Department of Human Services

Position and Employee Status Information

Position Reconciliation:		
Authority:	<u>Current FY 91</u>	<u>Requested For 6/30/93</u>
Legislative Complement:		
General Fund	5,304.5	4,814.5
Enterprise Fund	211.5	-0-
Legislative Authorized:		
General Fund	827.5	924.5
Federal Fund	117.75	126.75
Special Revenue	45.0	62.0
Shared Service	66.0	66.0
Budgetary Authorized:		
LAC Approved-Federal	9.0	-0-
Total Authorized Positions	6,581.25	5,993.75
Employees on 6/30/90	7,508	

Employees By Employment Status:	
	<u>6/30/90</u>
Full-Time Unlimited	5,627
Full-Time Temporary	265
Full-Time Emergency	15
Full-Time Seasonal	2
Part-Time Unlimited	1,307
Part-Time Temporary	82
Part-Time Emergency	5
Intermittent Unlimited	203
Intermittent Temporary	1
Intermittent Emergency	<u>1</u>
TOTAL	7,508

MISSION:

The Minnesota Department of Human Services (DHS), in partnership with the federal government, counties and other public, private, and community agencies assists people whose personal or family resources are not adequate to meet their basic human needs. It promotes economic self-sufficiency consistent with a person's abilities and, at the same time, ensures individual dignity, safety, and rights. DHS fulfills its mission through a combination of regulatory activity, direct service, county monitoring, and technical assistance.

Direct service is provided to the elderly and persons with hearing impairments, those with developmental disabilities, mental illness, and chemical dependency.

INTRODUCTION:

This budget is prepared consistent with guidelines from the Department of Finance directing the agency to base spending in 1992 and 1993 on the 1991 base year.

Those guidelines did not allow the department to fund any initiatives out of new money. Rather, new initiatives are funded through examination of existing expenditures and priorities, streamlining and finding greater efficiencies in current services.

The budget document itself indicates areas where savings have been achieved as well as areas of new expenditures. Those new expenditures in some instances consist of new initiatives that the department has identified as having a high priority, either because they represent needed basic reform in the system or because they represent changes needed for greater accountability and effectiveness.

In other instances, new growth represents certain previous commitments, such as the children and adult mental health programs, which it is necessary to honor by finding money to include them in the budget.

In addition, some new growth items represent increasing demand for services that the department believes it must recognize and adequately fund.

In all instances the growth in the non-entitlement portion of the budget has had to be accommodated through reductions elsewhere.

Within each program area, significant initiatives are identified. No program area has been overlooked in evaluating how we can better utilize existing expenditures or what improvements are needed.

OBJECTIVES, BUDGET ISSUES AND POLICY DRIVERS:

The department's budget is organized into 8 program areas as follows:

1. Human Services Administration

The objectives are to manage funds and personnel in order to carry out state and federal laws, and to strive for simpler, more cost-effective way of delivering services. Major policy drivers for this program are increased needs for public services, the need to improve communications through improved technology and budgetary constraints.

2. Legal and Intergovernmental

The objective is to assure department-wide policy and program coordination and implementation through regulatory, appeal, legislative monitoring, and administrative activities. Because of the financial dilemma of many counties, special efforts have been made to work with county commissioners and human service administrators to identify strategies to reduce social service mandates while maintaining program quality

and protection for vulnerable persons. This mandate reduction initiative depends on an improved social services reporting system, technical assistance, and monitoring by the department.

3. Economic Support and Transition Services for Families and Individuals

The objective is to promote individual and family self-sufficiency, and to provide public policy leadership in welfare reform.

The department proposes to pilot test the previously approved Minnesota Family Investment Plan (MFIP). MFIP will triple the number of long-term welfare recipients who work by dramatically increasing incentives to work, requiring long-term recipients to move toward self-sufficiency, and increasing services and child care available to assist families in achieving these goals. It rests on the conviction that people are better off employed than not employed, and that recipients who go to work should be better off than if they lived solely on welfare.

Another objective is to ensure the integrity and accountability of public assistance programs by expanding pilot programs that tested new ways of preventing fraud.

The major policy driver is to emphasize prevention, by spotting cases that warrant closer scrutiny rather than the more common approach of detecting fraud after some benefits have been paid.

New technology will be used for improving service delivery and assuring new levels of program integrity through the implementation of the MAXIS system and a new Child Support Enforcement System.

4. Economic Support and Services to Elderly Persons

The objective is to maintain the independence of elderly people by offering appropriate alternatives to institutional care and to ensure them local access to health and social services. The department proposes incentives which encourage the development of local and regional infrastructure for community services for Minnesota's 550,000 elderly people.

5. Services to Special Needs Adults

The objective is to support integrated community-based services for vulnerable and handicapped people, including a proposal to develop new housing options for people with serious mental illness.

The goal is that of making life as normal and as productive as possible for individuals who have handicaps. This includes providing choices of how and where to live, while maintaining appropriate accountability for public resources.

6. Services to Special Needs Children

The objective is to support stability for children, through expansion of programs that strengthen families and to prevent unnecessary out-of-home placement for children.

Major policy drivers for the proposals presented are an alarming increase in out-of-home placements of children in recent months, and the belief that children are usually better off with their own parents and a commitment to preserve families.

7. State Operated Residential Care for Special Needs Populations

The objective is for programs and services in state-operated residential care to provide active treatment for persons with mental illness, developmental disabilities, chemical dependency, and elderly persons who have complex medical conditions and challenging behaviors.

Assisting individuals in the least restrictive setting and for the shortest length of stay possible is a major policy driver of these programs.

The new drug, Clozapine, approved by the Food and Drug Administration in 1989 for treating severe schizophrenia is being used in a carefully managed program. The department believes Clozapine could benefit mentally ill patients to the point that some could be discharged from the state regional treatment centers.

The department proposes a review of the 1989 Legislation to restructure developmental disability services in the Regional Treatment Centers. This restructuring is intended to move a significant number of residents into small community based group homes in both the public and private sectors. It also proposes to close the 7 RTC state operated inpatient chemical dependency programs.

8. Health Care for Families and Individuals

The objective is to ensure access to health care for low-income Minnesotans, to manage as efficiently as possible myriad state and federal laws governing health care programs, appropriate standards of care, and to be accountable for the more than half the department budget that pays for health care.

As the largest customer in Minnesota's health care marketplace, DHS is responsible for negotiating fair rates for appropriate standards of care. The department proposes continued and expanded use of managed care strategies, including prior-authorization and greater enrollment of MA and GAMC recipients in prepaid health plans are proposed.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of those Decision Items listed in each of the program recommendations.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HUMAN SERVICES ADMINISTRATION	121,878	142,865	150,201	149,452	149,499	149,499	150,446	150,486	150,486
LEGAL & INTERGOVERNMENTAL	3,850	4,594	4,929	4,978	4,978	4,978	4,967	4,967	4,967
ECONOMIC SUPPORT/TRANSITION SERV.	376,840	406,685	501,986	712,521	695,609	695,642	737,377	701,598	701,881
ECONOMIC SUPPORT/SERVICES ELDERLY	33,423	35,930	39,564	43,687	45,817	44,428	44,292	50,909	49,279
SERVICES TO SPECIAL NEEDS ADULTS	182,853	202,026	214,195	203,178	203,560	207,060	207,335	211,021	214,521
SERVICES TO SPECIAL NEEDS CHILDREN	27,425	64,233	44,022	44,845	45,080	46,259	44,841	47,993	49,987
STATE OPERATED RESIDENTIAL CARE	216,204	239,082	254,396	258,473	253,452	253,951	255,788	229,593	230,212
HEALTH CARE-FAMILIES & INDIVIDUALS	1,400,047	1,567,521	1,661,601	2,207,351	2,144,878	2,171,974	2,395,975	2,286,225	2,323,214
TOTAL EXPENDITURES BY PROGRAM	2,362,520	2,662,936	2,874,894	3,624,485	3,542,873	3,573,791	3,841,021	3,682,792	3,724,547
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	985,428	1,130,530	1,180,827	1,489,778	1,417,162	1,447,953	1,609,998	1,478,370	1,521,268
PUBLIC HEALTH	1,860								
STATUTORY APPROPRIATIONS:									
GENERAL	222,793	228,219	281,641	521,296	521,165	521,292	537,312	524,546	523,645
SPECIAL REVENUE	58,269	70,200	93,724	46,555	46,797	46,797	45,966	46,208	45,966
FEDERAL	1,051,569	1,188,203	1,254,524	1,512,669	1,512,669	1,512,669	1,596,558	1,596,558	1,596,558
AGENCY	28,490	31,304	49,703	39,738	39,738	39,738	36,738	36,738	36,738
GIFTS AND DEPOSITS	165	205	230	204	204	204	204	204	204
ENDOWMENT		22							
ENTERPRISE	13,946	14,253	14,245	14,245	5,138	5,138	14,245	168	168
TOTAL FINANCING	2,362,520	2,662,936	2,874,894	3,624,485	3,542,873	3,573,791	3,841,021	3,682,792	3,724,547

REVISED 3/28/91

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DHS PAGE 9

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: HUMAN SERVICES, DPT

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	2,874,894	2,874,894	1,462,468	1,462,468	157,902	157,902	1,254,524	1,254,524
ONE-TIME APPROPRIATIONS	<559>	<659>	<559>	<659>				
BIENNIAL APPROPRIATIONS	530	<216>	530	<216>				
APPROPRIATIONS CARRIED FWD	<4,099>	<5,255>	<4,099>	<5,255>				
NON RECURRING EXPENDITURES	<15,280>	<18,280>	<5,321>	<5,321>	<9,959>	<12,959>		
BASE TRANSFER (BTWN FUNDS)	<40,940>	<42,880>	7,242	7,242	<48,182>	<50,122>		
LEG-DIRECTED ADJUSTMENTS	<70>	<70>	<70>	<70>				
SALARY ANNUALIZATION	3,719	2,802	3,719	2,802				
ANNUALIZG NEW PROG COST	10,782	10,779	10,782	10,779				
DOCUMENTED RENT/LEASE INCR.	864	1,178	864	1,178				
DEDICATED RECEIPTS AND FUNDS	<357>	<300>	<410>	<410>	53	110		
FEDERAL RECEIPTS	3,570	4,861			<3>	<3>	3,573	4,864
DEFINED BENEFITS/ MGMT AUTH	791,131	1,013,867	535,628	674,472	931	2,225	254,572	337,170
BASE TECHNICAL ADJUSTMENTS	300	300	300	300				
TOTAL	3,624,485	3,841,021	2,011,074	2,147,310	100,742	97,153	1,512,669	1,596,558
BIENNIAL TOTAL		7,465,506		4,158,384		197,895		3,109,227

The following F.Y. 1991 reductions were implemented in the Laws of 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 and F.Y. 1992-93 BASE levels within the budget documents.

(Dollars in Thousands)

Program: Economic Support & Transition Services	General Fund
Budget Activity: Employment and Training	
Work Readiness Literacy Transportation	(\$100)
Work Readiness - Post Secondary Students	(\$124)
Reduce Work Readiness to FSET Level	(\$1,000)
Initial Work Readiness Grant	(\$500)
Budget Activity: Child Care Fund	
Child Care Fund Forecast	(\$1,338)
Budget Activity: MSA Grants	
Negotiated Rate Facility Delay	(\$93)
Delay ACG Waiver	(\$228)
MSA Forecast	(\$913)
Budget Activity: Work Readiness Grants	
Work Readiness Forecast	(\$2,337)
Budget Activity: AFDC Grants	
AFDC Forecast	\$22,252
Budget Activity: GA Grants	
GA Forecast	\$13,509
Program: Economic Support and Services to Elderly	
Budget Activity: PAS-Alternative Care Grants	
PAS-ACG Funds	(\$3,500)
Program: Services to Special Needs Adults	
Budget Activity: SILS	
SILS Grants	(\$175)

F.Y. 1991 Budget Reductions (continued)

	(Dollars in Thousands)
Budget Activity: C.D. Consolidated Treatment	
CCDTF Limited to Entitled	(\$3,000)
CCDTF Fund Balances	(\$5,000)
Budget Activity: State M.N. Grants Adults	
Nursing Home Alternatives	(\$500)
Program: Services to Special Needs Children	
Budget Activity: Children's Services Grants	
Joining Forces Project	(\$102)
Program: State Operated Residential Care	
Budget Activity: RTC Systemwide	
Defer DD SOCS	(\$893)
DD Staff Upgrade Training	(\$137)
Budget Activity: Residential Facilities Management	
M.I. Staff Upgrade Training	(\$296)
Program: Health Care for Families and Individuals	
Budget Activity: MA Grants	
Defer DD SOCS - MA	\$513
Delay ACS Waiver - MA	(\$415)
MA Forecast	\$77,158
RTC Collections - MA Effect	(\$3,000)
Budget Activity: Children's Health Plan	
Children's Health Plan Funds	(\$1,000)
Budget Activity: GAMC Grants	
GAMC Forecast	\$20,081

	\$108,862

1992-93 Biennial Budget

ACTIVITY:

PROGRAM:

AGENCY: Human Services, Department of

PLAN TITLE: Financing Inflation for Administrative Costs - Information Only

AGENCY PLAN:

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund	-0-	-0-	-0-	-0-
General Fund-Estimates				
Administration	\$ 1,500	\$ 3,000		
Administration	(1,500)	(3,000)		
Salary Supplement	11,200	23,000		
No New NH Beds	(7,600)	(7,600)		
3 Percent Vacancy	(6,000)	(6,000)		
30 Vacancies	(1,000)	(1,000)		
Delay Hiring	(750)	(750)		
RTC Salary Supplement	(2,200)	(2,200)		

Requires statutory change: ☒ Yes ☐ No

Statutes Affected:

ITEM SUMMARY:

The agency proposes that all programs must operate within their budget base to finance inflation for administrative costs.

RATIONALE:

The Department has chosen to finance inflation for administrative costs in the following manner:

1. Administration (non-salary items)

The administration budget base for the central office is \$32.7 million in FY 1991. Assuming an inflation factor of 4.5 percent per year for the biennium, the Department would need an additional \$1.5 million in FY 1992 and \$3.0 million in FY 1993 to fully fund administrative costs. Under the Department of Finance budget guidelines for the biennium, the Department will not be requesting this additional \$4.5 million for the biennium and all programs must operate within its budget base to fund administrative costs.

2. Salary Supplement

Assuming a 4.5 percent inflation factor, the Department would need an additional \$11.2 million in F.Y. 1992 and 23.0 million in F.Y. 1993 to accommodate inflationary increases in its salary budget. These dollar amounts can be adjusted up or down depending upon the labor agreement settled with the employee unions.

The Department's proposed method of addressing the \$34.2 million to cover the cost of the salary supplement is as follows:

- A Decision Page in the Biennial Budget has been written that addresses no new nursing home beds within the state's residential care system. This action will allow the \$7.6 million, in each year of the biennium, that would have been spent on new nursing home beds to be made available to cover projected salary expenses.
- The Department will maintain a three percent average employee vacancy rate in the RTC system which will save \$6 million each year of the biennium.
- The Department will maintain an average of 30 vacancies in central office positions which will save \$1 million in each year of the biennium.
- Delay hiring of new positions in the FY 1992-93 budget for a savings of \$1.5 million for the biennium.
- A Decision Page in the Biennial Budget has been written to cover the remaining \$4.4 million within the salary supplement.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM PURPOSE:

The Department of Human Services' (DHS) Human Services Administration Program, exists to provide overall direction and leadership to the department, its programs and procedures, and to assign responsibility to appropriate agency staff.

The Human Services Administration Program includes the Executive Office and the 6 support services divisions. The goals of the program are:

1. To carry out the policy directives of the executive, legislative, and judicial branches of both state and federal government.
2. To implement federal and state laws.
3. To assure uniform and equitable administration of programs and expenditures of funds.

To achieve its goal, this program is responsible:

1. To provide personnel and labor relations services to assure that personnel actions are completed in a timely and effective fashion in conformance with state law and in a manner that promotes fair and equitable treatment of all staff.
2. To manage volunteer services, affirmative action programs, the county Merit System, health and safety programs, workers' compensation program, and organizational and human resource development.
3. To manage accounts receivable and collection operations for the state-operated residential treatment centers, the Consolidated Chemical Dependency Treatment Fund, and the Parental Fee Collection System.
4. To manage, coordinate, and develop the department's biennial budget document.
5. To provide to DHS staff audio-visual services, document production and printing, forms management, purchasing services, recycling and resource recovery, records management, and travel management services.
6. To provide facility management services, including office space and fixed asset management, parking management, and telecommunications services.
7. To provide information systems development and maintenance assistance for agency's systems initiatives, including office systems support and disaster recovery planning.
8. To maintain a system of financial controls, manage grants and the distribution of state and federal funds, and oversee financial reporting.
9. To develop and execute special projects that will result in improved administration, reduction of paperwork, or more responsive service.

These functions support the administrative operations for over 7,000 employees and contractors working in the agency's central office and regional treatment centers. The financial management and grants administration activities in this program impact 87 county social services departments and county boards, as well as over 16,000 providers and vendors under contract to the state.

In this program's efforts to carry out its dual role to administer the activities of the department and to provide support functions to the department's program components, this program accomplished the following items:

1. Budgeting

Prepared the department's F.Y. 1990-91 Supplemental Budget and the F.Y. 1992-93 Biennial Budget.

2. Managing fiscal functions

Achieved a prompt payment goal by paying 98% of the invoices received by the department within 30 days.

Managed the flow of \$5 billion federal and state funds to counties, grantees, and vendors.

3. Managing personnel resources

Administered state-negotiated contracts and the plans covering non-represented employees.

Developed standardized policies and procedures for personnel administration.

Increased the number of minorities and veterans hired and the number of protected classes in managerial positions.

Increased the availability of training opportunities for all staff, including the increased cost-effective use of video and satellite-based technology.

Expanded use of volunteers throughout human service delivery system.

Provided customer service training for 500 employees.

4. Generating revenue

Exceeded the goal in collections for the cost of care to clients at the regional treatment centers, state nursing homes, and other providers of service under the Consolidated Chemical Dependency Treatment Fund.

Implemented several methodologies designed to enhance revenue.

5. Automating

Implemented several computerized systems designed to create economies, increase accuracy, and speed turnaround time in the following areas:

- a. preparation of the department's budget;
- b. personnel transactions;
- c. office space planning and design; and
- d. electronic mail.

6. Managing the department's physical facility

Managed the Human Services Building and the leases for 30 outstate locations.

PROGRAM: Human Services Administration
(Continuation)
Agency: Human Services, Department of

1992-93 Biennial Budget

These accomplishments enhance the department's accountability and efficiency. They ensure that the department's program initiatives have the management support resources to be successful.

PROSPECTS:

Future emphasis in this program will:

1. Simplify and streamline administrative procedures and reporting for both county governments and internal department operations.
2. Manage the development of new financial reporting requirements on county governments through the continuation of the internal financial reports clearinghouse project.
3. Complete implementation of the budget reporting and accounting in social services (BRASS) chart of accounts so that human services financial reporting by counties will be standardized and produce reliable reports of expenditures and client activity.
4. Improve access to information by department managers through continued development of the department's information network.
5. Expand on the customer service initiative so that department personnel receive timely and well designed support services.
6. Expand training methods (e.g., video, satellite) and volunteer utilization in an effort to more efficiently utilize state and county staff.

This program has seen its workload double during the past 6 years as the result of program expansion and more complex state and federal reporting requirements. The human resources allotted to this area have not changed appreciably during that time. Future prospects for this program depend on increased efficiency through automation, simplification and standardization of internal processes.

PLAN:

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HUMAN SERVICES ADMINISTRATION

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
EXECUTIVE OFFICE	454	493	501	508	508	508	506	506	506
FINANCIAL MANAGEMENT	26,078	29,175	34,625	34,627	34,674	34,674	34,621	34,661	34,661
COUNTY AIDS	3,796	2,646	696	496	496	496	496	496	496
FEDERAL ADMIN REIMBURSEMENT	83,865	99,764	102,412	101,784	101,784	101,784	102,489	102,489	102,489
SYSTEMS MANAGEMENT	937	1,272	1,194	1,206	1,206	1,206	1,203	1,203	1,203
MANAGEMENT SERVICES	3,615	5,319	6,261	6,312	6,312	6,312	6,623	6,623	6,623
PERSONNEL	939	1,306	1,225	1,197	1,197	1,197	1,194	1,194	1,194
REIMBURSEMENT DIVISION	2,064	2,587	3,009	3,041	3,041	3,041	3,034	3,034	3,034
BUDGET ANALYSIS DIVISION	130	303	278	281	281	281	280	280	280
TOTAL EXPENDITURES BY ACTIVITY	121,878	142,865	150,201	149,452	149,499	149,499	150,446	150,486	150,486
DETAIL BY CATEGORY:									
STATE OPERATIONS	28,085	33,801	33,671	37,668	37,715	37,715	38,662	38,702	38,702
LOCAL ASSISTANCE	69,571	82,182	83,931	79,276	79,276	79,276	79,276	79,276	79,276
AID TO INDIVIDUALS	24,222	26,882	32,599	32,508	32,508	32,508	32,508	32,508	32,508
TOTAL EXPENDITURES BY CATEGORY	121,878	142,865	150,201	149,452	149,499	149,499	150,446	150,486	150,486
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	13,332	14,672	13,127	13,897	13,944	13,944	14,186	14,226	14,226
STATUTORY APPROPRIATIONS:									
GENERAL		23	134						
SPECIAL REVENUE	324	1,145	861	838	838	838	838	838	838
FEDERAL	84,000	100,149	102,746	102,209	102,209	102,209	102,914	102,914	102,914
AGENCY	24,222	26,876	33,333	32,508	32,508	32,508	32,508	32,508	32,508
TOTAL FINANCING	121,878	142,865	150,201	149,452	149,499	149,499	150,446	150,486	150,486

1992-93 Biennial Budget

ACTIVITY: Financial Management
PROGRAM: Human Services Administration
AGENCY: Human Services, Department of

PLAN TITLE: 100% Income Maintenance Financing

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

General Fund

Financial Management	\$ 47	\$ 40	\$ 40	\$ 40
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GOVERNOR'S RECOMMENDATION:

General Fund

Financial Management	\$ 47	\$ 40	\$ 40	\$ 40
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Revenues	\$ 18	\$ 16	\$ 16	\$ 16
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Requires statutory change: ____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$47,000 in F.Y. 1992 and \$40,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation is needed to maintain the new Human Services Aids Program. This program was created as a result of the implementation of 100% financing of Income Maintenance Programs. This position's responsibilities will be:

- To assure timely transfer of funds from the Revenue Department and identification of each county's base amount.
- To establish accounting procedures.
- To instruct county staff as to the process and each program's county share source.
- To aggregate monthly each program's county share.
- To calculate and issue county reimbursements and advances which are tightly scheduled in law.
- To calculate and issue yearly county adjustments to actual, and to maintain records.
- To prepare reports for each program and each county detailing the payments and reimbursements processed within the accounts.

Beginning 7-1-91 counties must be reimbursed in the month of July for the previous 6 months worth of the county share of the "base" and "growth" amounts for each of the "taken over" programs. For the following 6 months, funds must be advanced promptly each month to each county and an adjustment to actual or settle up must be made yearly. This entire process repeats each year through the year 2000.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

PROGRAM PURPOSE:

The Department of Human Services (DHS), Legal and Intergovernmental Program exists to assure department-wide policy and program coordination and integration through regulatory, appeal, legislative, monitoring and administrative activities. The goal of this program is to assure that statutory and regulatory standards are established and implemented which protect the health, safety, and rights of the persons served and result in an integrated and cost-effective service delivery system. This program consists of the Appeals and Contracts, Rules and Bulletins, and Licensing Divisions and the Policy Coordination and County Monitoring sections.

To achieve its program goal, this program:

1. Conducts special cross-divisional projects, coordinates department-wide state and federal legislative efforts, and facilitates communication with the counties.
2. Provides direction to department staff in promulgating administrative rules in compliance with the requirements of the Minnesota Administrative Procedures Act (APA) and consistent with state and federal law and department goals; and ensures that bulletins, program manual material, and state plans are consistent with state rules, statutes, and federal law.
3. Uses preventative measures, enforcement powers, and information and referral activities to enforce state and federal laws, rules and regulations in licensed programs.
4. Provides centralized control over the department's contracting procedures and contract drafting to assure that contracts meet all legal requirements of state and federal law, are consistent with department goals, and are processed in a timely manner.
5. Coordinates department-wide efforts regarding data practices, serves as a resource for department staff and county human service agencies, and responds to requests for data maintained by the department to assure that the privacy rights of recipients are protected in accordance with federal and state law.
6. Monitors and improves county agency compliance with applicable state and federal laws and rules governing the provision of social services and develops a system for evaluating the performance of social service programs.
7. Adjudicates disputes between county human service agencies and recipients of income maintenance and social service programs through administrative appeal procedures established by M.S. 256.045 to assure that due process rights of recipients are protected, as required by federal and state law.

The services provided as part of this program are either mandated by federal and state law, or necessary to assure that the funds for human services are efficiently and effectively used to assist eligible persons.

The activities of the program impact 450,000 annual recipients of the agency's human service programs, over 148,000 children in child care, 4,000 residents of regional treatment centers and nursing homes, 87 county social service departments and county boards, as well as community mental health centers, human service professionals, other state agencies, client advocacy groups, consumers, community agencies, and the judicial system.

The program is responsible for the licensure of 1,300 child care centers, 12,700 family child care homes, 5,400 foster homes, the 9 state regional treatment centers, 680 residential programs for people with mental illness, developmental disabilities, and chemical dependency, 60 adult day care programs, 90 mental health centers and clinics, 150 day training and habilitation centers and 180 outpatient chemical dependency programs.

As a result of the activities included in this program, the department is able to assure that services delivered throughout the state meet minimum standards and are delivered in an integrated and cost-effective manner.

PERFORMANCE:

This program meets its main goal of protecting the health, safety, and rights of the persons served by the human service delivery system by establishing measurable performance standards and assuring consistent application of those standards.

Because of the limited resources available, this program does extensive prioritization of needs. For example, monitoring activities are focused on protection for vulnerable people. Therefore, monitoring efforts are concentrated in the areas of child protection, developmental disabilities, and mental health. As a result of this focus, other social service programs with less vulnerable clients are not monitored.

Several other strategies have been considered, including adoption of more specific legislation that does not require rulemaking prior to implementation, the acceptance of alternative certification as an option to licensing by the department, self-monitoring by service providers, and mandatory conciliation conferences between the appellant and county prior to filing a case management appeal with the state. These alternatives have been adopted to the extent that the licensing division accepts the Minnesota Department of Health's Intermediate Care Facilities-Mentally Retarded (ICF-MR) reviews as equivalent to a review under DHS Rule 34 and that the case management conciliation conferences resolve the disputed issue 80% of the time without necessitating a formal appeal.

Department rules are applied to over 20,000 programs licensed by the department, 87 counties, and over 450,000 recipients of human services. Each year, DHS adopts or amends an average of 20 rules, issues over 1,500 pages of program manual material and over 300 bulletins, and submits 80 state plans to the federal government.

PROSPECTS:

Even without major changes in the service system, the work load in this program will increase over the biennium due to the increased demand for services such as child care and the continued emphasis on the development of small community-based programs. These increases are already evident in the area of appeals where public assistance appeals increased from 2,300 in F.Y. 1988 to almost 3,400 in F.Y. 1990. Based on current trends, this program will have additional programs to license, additional appeals to hear, and an increased demand for monitoring and evaluation of the service system. This additional work load will be managed by this program with current resources.

In addition to meeting current work load, the need to expand the system's capacity to review, monitor, and report on the level and quality of services to vulnerable persons is a major challenge to the human services delivery system in Minnesota. Meeting this need requires coordination and communication between providers, consumers, government, and the general public. In examining the current regulatory and reporting structure, a balance must be struck between protection and self-determination for the people served and between local flexibility and statewide consistency for counties and service providers. The growing need for services and the fiscal constraints faced by the department and county agencies further emphasize the need for coordination and communication both within the department and throughout the service system to ensure that limited resources are used efficiently and effectively. This program is responsible for ensuring that policies are developed and implemented which address these needs.

Any changes made in the service system to address regulatory and fiscal concerns are also likely to place an additional burden on this program. To allow greater county and facility flexibility, administrative rules and state plans will have to be changed along with the state statutes. Changes in client rights or limitations on services are likely to result in additional appeals. Decreases in the specificity of regulations will require increased licensing and monitoring efforts to ensure that the quality of services delivered is not substantially decreased.

PLAN:

To address the increasing work load and limited resources, a variety of efforts have been undertaken to increase the effectiveness of existing staff. An automated scanner will be added to enter data for the licensing

PROGRAM: Legal and Intergovernmental
(Continuation)
Agency: Human Services, Department of

1992-93 Biennial Budget

system, training videos have been developed to educate counties and service providers about data practices, and portable computers are used for county monitoring. Telephone hearings have been initiated in 90% of the counties to reduce costs and expedite decisions, and other applications of these technologies will be explored during the biennium. Priority setting and the development of alternative regulatory strategies will continue to be used to help manage the demand for services.

A major effort has been made to strengthen the department's relationship with county agencies and county commissioners to improve the workability of department programs and the uniformity and effectiveness of the social service delivery system. A major focus of this effort has been on cataloguing and reviewing social service mandates and exploring alternative regulatory mandates to allow greater county flexibility but maintain accountability. As a result of these efforts a procedure will be developed for reviewing and restructuring social service programs and county mandates.

This program has 1 reallocation proposal that requires legislative action. The current obsolete county social services reporting system would be replaced with a new system that would enable counties to provide the department client-specific social service data.

The following decision page includes the agency proposal and the governor's recommendation. It reflects adjustment of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: LEGAL & INTERGOVERNMENTAL

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
APPEALS AND CONTRACTS	669	805	876	888	888	888	885	885	885
RULES AND BULLETINS	361	482	491	498	498	498	497	497	497
LEGISLATION & POLICY COORDINATION	285	287	282	285	285	285	285	285	285
COMMUNITY SERVICES EVALUATION	351	550	458	457	457	457	456	456	456
LICENSING	2,184	2,470	2,822	2,850	2,850	2,850	2,844	2,844	2,844
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	3,850	4,594	4,929	4,978	4,978	4,978	4,967	4,967	4,967
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	3,850	4,594	4,929	4,978	4,978	4,978	4,967	4,967	4,967
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	3,850	4,594	4,929	4,978	4,978	4,978	4,967	4,967	4,967
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	3,325	4,154	4,295	4,351	4,351	4,351	4,340	4,340	4,340
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	79	69	86	86	86	86	86	86	86
FEDERAL	446	371	548	541	541	541	541	541	541
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,850	4,594	4,929	4,978	4,978	4,978	4,967	4,967	4,967

1992-93 Biennial Budget

ACTIVITY: Social Services Administration
PROGRAM: Legal and Intergovernmental
AGENCY: Human Services, Department of

PLAN TITLE: Social Services Information System

		Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	

General Fund

Social Services Administration	\$ -0-	\$ 1,093	\$ 3,633	\$ 1,558
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GOVERNOR'S RECOMMENDATION:

General Fund

Social Services Administration	\$ -0-	\$ 1,093	\$ 3,633	\$ 1,558
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Revenues	\$ -0-	\$ 158	\$ 158	\$ 158
			\$ 527	\$ 226

Requires statutory change: ☒ Yes ☐ No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$1,093,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to design and implement a new Social Services Information System (SSIS) to support the administrative operations in Minnesota counties and to meet all state and federal social services reporting needs. The new SSIS is being developed jointly with the counties and will include a county case management and administrative support system which will operate on county hardware. Additionally, counties will be able to transmit client-specific summary data to the department for analysis and report generation.

The existing SSIS is technologically obsolete, does not provide timely and accurate information about what children are getting what services in Minnesota, and will not be able to meet proposed federal regulations requiring client-specific quarterly reports on children's services. These federal regulations impose monetary sanctions for noncompliance.

A new SSIS is an essential part of the department's social services mandate reform project. In order to ease the regulatory and reporting burden on county social service programs, the department is proposing legislation to reform social service mandates, to allow integration of county mental health and community social services act plans, and has initiated a project to reduce reporting requirements on county agencies. Essential to permitting more discretion by counties in delivering social services is the ability to assure accountability in the use of county, state, and federal funds and to maintain compliance with state and federal reporting requirements. The existing social services reporting capacity cannot assure the accountability necessary if counties are relieved of various reporting and procedural requirements. The department believes that a reduction in reporting requirements and mandate reform must be accompanied by an adequate social services information system and systematic monitoring of county delivery of social services by the department.

Since January 1990, the department has completed a number of significant projects which provide the structure for further information systems development in this area. These projects include simplification of county reporting requirements, implementation of internal department controls on new requests for information from counties, completion of the human services chart of accounts so that county financial reporting is uniform and comparable, completion of the social services service taxonomy so that service and client definitions are standardized, major planning on department information needs requirements, and development of a conceptual framework for reviewing county mandates.

The total cost of the system is estimated at \$15,049,000 over 3 years (F.Y. 1993-1995). Of that total \$8,765,000 will be county expense for the purchase of equipment and operating software. The balance of \$6,284,000 will be state expenditures for overall software development (88%) and state hardware and operations (12%).

Estimated savings at the state and county levels yield full payback within 5 years after implementation. CSSA and Title XX are the major sources of state and federal dollars supporting social services.

INFORMATION POLICY OFFICE RECOMMENDATION:

The Information Policy Office supports this project. The system will actively support county social workers and provide enhanced information to improve decision making. DHS should: adopt an open system design to ensure flexibility of equipment choice at the county level; perform a critical review to identify and eliminate unnecessary data collection; involve county social worker staff in system planning; establish a balanced state/county steering committee to govern the project from planning through operation; evaluate existing county-developed case management systems for use in the statewide system; and implement a method for measuring social worker and other productivity improvements.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan. Funding for this item is included in the Services to Special Needs Adults Program.

PROGRAM: Economic Support and Transition
Services for Families and Individuals
Agency: Human Services, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Department of Human Services' (DHS) Economic Support and Transition Services for Families and Individuals Program exists to:

1. Enforce child support laws as a primary financial resource for families with children in financial need.
2. Provide supportive services and training needed to help families become self-sufficient.
3. Provide financial assistance to families and individuals when their own resources are not sufficient to prevent destitution.
4. Improve service delivery and ensure program integrity through the use of automation.

This program has 3 main goals:

1. To promote client self-sufficiency while meeting basic needs.
2. To ensure program integrity and accountability.
3. To improve the service delivery system.

To achieve its program goals, this program operates the Assistance Payments Division, Quality Control/Corrective Action section, the Refugee and Immigrant Assistance Division, the Child Support Enforcement Division, the Reports and Statistics Division, the MAXIS Automation Project, the Office for Civil Rights, and the Child Care Fund. This program is responsible for administering the following financial aid programs, Aid to Families with Dependent Children (AFDC), Refugee Cash Assistance (RCA), General Assistance (GA), Work Readiness (WR), Minnesota Supplemental Aid (MSA), Food Stamps (FS) and Emergency Assistance (EA), Telephone Assistance (TAP), AFDC Child Care, and Basic Sliding Fee Child Care.

PERFORMANCE:

This program area has undertaken a number of initiatives during the 1990-91 biennium which address the above-defined goals.

GOAL: Promoting client self-sufficiency while meeting basic needs.

Project STRIDE

The department, together with the Department of Jobs and Training, has successfully transformed Project STRIDE so that it is consistent with the federal Job Opportunity and Basic Skills (JOBS) Program. Federal approval of Project STRIDE enables Minnesota to maximize the federal funding available for employment, training, and support services for recipients of AFDC.

The purpose of Project STRIDE is to help participants become as self-sufficient as possible. Project STRIDE consists of 3 primary components: orientation; case management; and employment and training services. The orientation session provides AFDC recipients with an overview of locally available employment, training, and community resources. The STRIDE case manager assists STRIDE participants to design and put into effect a plan that will permanently get them off of welfare. The case manager also is responsible for mobilizing services, including education, training and child care, to help the participant follow the plan. The employment and training services offered under Project STRIDE, job search, community work experience, on-the-job training, and grant diversion, are aimed at helping participants prepare for and secure employment.

Through Project STRIDE, the Department and the Department of Jobs and Training are attempting to increase the wage levels of STRIDE participants placed into employment by training and preparing the participants for jobs that are in demand and that will pay enough to support their families.

Child Care

According to the "Progress Report on Minnesota Project STRIDE" prepared in March 1990, more than one-third of STRIDE participants identified problems with obtaining suitable child care as a barrier to employment.

To ensure that recipients of AFDC have access to child care assistance needed to enable them to participate in STRIDE activities, the 1990 Minnesota Legislature established the AFDC Child Care Fund as a separate program and specified which families will be guaranteed child care assistance. Also, the 1990 Legislature provided an additional \$5.1 million in state dollars for AFDC-related child care including funding for the 1 year transitional child care subsidy. As a result, the department projects that the number of AFDC families receiving subsidized child care will increase from 6,850 in state F.Y. 1990 to 8,750 in F.Y. 1991, and that the number of former AFDC families that will benefit from transition year child care assistance will grow from 580 families in F.Y. 1990 to 1,500 families in F.Y. 1991.

Increased Child Support Collections

Two pilot project initiatives undertaken by the Child Support Enforcement Division, automatic wage withholding and administrative processing of child support cases, contributed to increased collections for both the public assistance and nonpublic assistance populations in Minnesota. Annual collections per child support cases increased from \$862 in state F.Y. 1990 to \$1,073 in F.Y. 1991. On 11-1-90, automatic wage withholding was expanded to all Title IV-D cases where support is initially ordered or modified and that are enforced by the support enforcement authority.

Self-Sufficiency Program for Refugees

Minnesota's refugee population continues to grow, as does the rate at which they use government cash assistance programs. In an effort to decrease welfare dependency among refugees, the department has shifted the focus of its social services programs. Rather than contracting separately for employment services, employment-related English language services, etc., the department is now contracting with agencies that can provide all the services needed to help refugee families become self-supporting.

During the next biennium, the department will be concentrating on developing a unified service delivery system with an emphasis on economic self-sufficiency. The department's objective of increasing the number of refugees who have moved from public assistance to employment is consistent with this shift in focus.

GOAL: To ensure program integrity and accountability.

Fraud Prevention Initiative

The 1989 Minnesota Legislature authorized and appropriated funds to test the fraud prevention initiative (FPI) in Minnesota on a pilot project basis. Federal enhanced funding is available for FPI through both the Food Stamp and AFDC programs.

The purpose of FPI is to prevent an ineligible applicant from receiving benefits rather than attempt to recover fraudulently received assistance after it has been issued. Experience in 35 other states has shown that FPI is a cost-effective form of fraud control.

Seven counties were selected to participate in the pilot project. Preliminary results from the first few months of project operation have been positive.

Reduce Error Rates

Minnesota continues to have an excellent record of performance in the AFDC program with error rates

(Continued)

Agency: Human Services, Department of

consistently among the lowest in the nation. Although the reported error rate for the Medical Assistance program has historically been less than 2%, the Health Care Financing Agency (HCFA) disagrees with some of Minnesota's policies and has cited us for a higher level of errors in recent years. The department is in continuing negotiations with HCFA in an effort to resolve our differences on these policy issues. The state determined error rate for the Food Stamp program declined dramatically from 1984 through 1987. Though the error rate has risen slightly since 1987 due to some major program and administrative changes, our error rate is still well below the national average.

The department has initiated several projects to reduce errors and to provide technical assistance to counties. The most successful solutions, however, will be those corrective measures based on and integrated into the automated eligibility system (MAXIS).

GOAL: To improve the service delivery system.

MAXIS

MAXIS is Minnesota's statewide automated eligibility system that will assist county and state staff in determining client eligibility, dispensing benefits, providing case management, and preparing financial and statistical reports for nearly all of the income maintenance programs.

During the 1990-91 biennium, system development work was completed and the system was rigorously tested by county and state users. An operations center for the distribution of food stamps, grant payments, and client notices was equipped. Implementation activities, including installation of user work stations (2,650 terminals are projected to be active by 6-30-91) and training of users (an estimated 3,000 users will have been trained by the end of S.F.Y. 1991), preceded the conversion of existing cases. The system began production in 12 pilot counties between September 1990 and December 1990, and will be fully operational in all counties by 9-1-91.

Services to clients will improve under MAXIS. Access to programs, through the use of a combined application form, will be improved. Since all the computer-generated notices are written at the 7th grade level, clients will have an easier time understanding communications about their program status. And, MAXIS will relieve eligibility workers from many time-consuming tasks which means they will have more time to spend with clients. MAXIS will also ensure that eligibility policies will be applied consistently and accurately which will improve program integrity as well as services to clients.

Child Support Enforcement System (CSES)

CSES is a comprehensive automated system which addresses nearly all the case and financial management functions that must be performed to operate Minnesota's Child Support Program. Implementation of CSES frees up state and county child support enforcement staff to concentrate on new federal mandates in the area of child support, such as mandatory income withholding and a requirement to review the adequacy of child support orders at the request of either a custodial or non-custodial parent. The state has forecasted a considerable amount of savings in the AFDC and

Medical Assistance programs as a result of CSES. These savings are jeopardized if CSES is not adequately funded to cover production costs and operational support (training, help desk, and policy implementation).

PROSPECTS:

Keeping the program's 3 main goals in mind, the department is placing priority on the following initiatives for the next biennium.

GOAL: Promoting client self-sufficiency while meeting basic needs.

One barrier that has prevented families from moving toward self-support is federal policies and regulations that serve as a disincentive to employment. The federal Family Support Act of 1988 successfully introduced new policies, such as 1 year of each transitional health care and transitional child care, that support families leaving public assistance as a result of increased earnings. However, these new policies are directed at employment and training programs that serve recipients of AFDC rather than restructuring the AFDC program itself.

The department views MFIP as the next logical step for welfare reform. It will not simply layer employment, training, and support services onto existing programs. Instead, MFIP will fundamentally change existing programs to make them more responsive to the needs of families. In 1989, the department secured legislative approval to develop MFIP and authorization to seek Congressional approval and waivers to operate MFIP on a field trial basis. Minnesota received Congressional approval in November 1989 and submitted the required application to federal agencies in September 1990. The department would like to begin operating MFIP, on a field trial basis, in April 1993.

Through MFIP, the department proposes to triple the number of long term AFDC cases that are working. One way of accomplishing this is to address existing AFDC and Food Stamp policies which serve as a disincentive to employment. For instance, the 1981 Omnibus Reconciliation Act (OBRA) introduced a time limit for the AFDC \$30 and 1/3 disregard. Prior to 1982, recipients of AFDC were allowed to exempt the first \$30 of earned income plus 1/3 of the remainder from the countable income used to determine their grant amount. After OBRA, the \$30 and 1/3 disregard was limited to the first 4 months of employment. Following OBRA, the percentage of single parents, who had used AFDC for 5 or more years, with earned income dropped 30 points. It is believed that the percentage of employed AFDC recipients has remained consistently low (about 14% of long-term single parents receiving AFDC have earned income) due to the diminished incentive to work.

Another major disincentive to employment that is built into the existing AFDC program is the 100 hour rule for AFDC-Unemployed Parent families. This rule limits the number of hours the parent, designated as the primary wage earner, can work to 100 hours or less per month in order to maintain eligibility for the AFDC program.

The department has obtained Congressional approval to waive these 2 policies, as well as many others, when testing the Minnesota Family Investment Plan. Under MFIP, families will be encouraged to increase their income through a combination of work and welfare. MFIP utilizes a 2-tiered payment standard and a different set of income disregards so working families can retain more of their earnings and to ensure that working is more profitable than not working.

More Child Care for the Working Poor

The demand for child care assistance to low income families who do not receive government cash assistance is increasing. The waiting list for gaining access to the Basic Sliding Fee Program ranges from 3 years in some of the metropolitan counties to less than 1 year in rural counties without a post-secondary school.

The 101st Congress passed legislation in October 1990, which establishes 2 new federal funding sources for child care assistance to low-income families. The child care and development block grant is directed to families whose income is less than 75% of the state's median income and the JOBS child care entitlement block grant is directed to families who are at risk of becoming eligible for AFDC. Both block grants require a family contribution based upon a sliding fee formula. This new federal funding will help reduce the waiting period for entrance to the Basic Sliding Fee Child Care Program and increase the number of Minnesota low-income families who will be able to receive child care subsidies.

Modifications to the General Assistance Program

To ensure that resources are available for other effective activities, the department is proposing to restructure the GA program.

PROGRAM: Economic Support and Transition
Services for Families and Individuals
(Continuation)

1992-93 Biennial Budget

Agency: Human Services, Department of

The department proposes to modify GA categories of eligibility. As a result, people who qualified for GA because they were assessed as "not likely" to obtain permanent employment, or people who qualified for GA because their need for assistance was limited to 30 days or less, will no longer be eligible. Instead, they may be eligible for benefits through the WR program. In addition, the remaining GA categories of eligibility will be clarified to identify which people are required to participate in WR activities and to prevent a transfer of clients from WR to GA.

Modifications to Work Readiness

To ensure that resources are available for other effective activities aimed at promoting client self-sufficiency, the department is proposing to modify the WR program.

The department proposes to reduce the period of time that a recipient may be eligible for WR grants from the current 12 months per year to 3 out of 12 months per year. The commissioner will be authorized to adjust the number of months of eligibility as permitted by the limited appropriation. In addition, WR benefits will begin the first day of the calendar month following application which differs from the current procedure of prorating benefits from the date of application or the date of eligibility whichever occurs later.

The department is also proposing to stop providing WR grants and services to people who are enrolled in a post-secondary education program.

GOAL: To ensure program integrity and accountability.

STRIDE Evaluation

The Department of Health and Human Services (DHHS) has contracted with Manpower Demonstration Research Corporation (MDRC) to evaluate whether the federal JOBS program (Project STRIDE in Minnesota) makes a difference in the lives of AFDC recipients. The purpose of the study is to determine how effectively JOBS assists long-term recipients of AFDC achieve self-sufficiency.

An evaluation of this scope, if Minnesota were to pursue one independently, would cost well over \$1 million. The cost to Minnesota of participating in the national JOBS evaluation is limited to the cost of providing child care to members of the evaluation control group (about \$400,000 for the biennium). MDRC is considering Minnesota as one of the sites for the national evaluation. If selected, the department will need additional AFDC child care funds to cover the costs of providing child care to members of the evaluation control group.

JOBS Automated System (JAS)

Federal regulations require that each state comply with the JOBS uniform data reporting requirements which includes tracking JOBS client case record data, case activity data, child care use and expenditure data. Beginning in October 1991, states are required to report this information to DHS electronically. The department has determined that the only way to comply with these new, federal requirements is through an automated system for JOBS.

Cooperative efforts between the department and the Department of Jobs and Training have enabled Minnesota to meet current federal reporting requirements by combining data from existing electronic and paper reporting systems. This short-term solution is piecemeal and inefficient and will not meet the new federal requirements. The departments are working on a plan to develop a system that will either interface with existing systems (MAXIS at DHS and DJT's MIS system) or serve as an integral part of the MAXIS system.

If the department fails to meet these new federal reporting requirements, we risk losing our federal enhanced funding which could amount to as much as \$5 million during the biennium.

Limit Negotiated Rate Facility (NRF) Beds

Counties currently control the development of new negotiated rate facilities (NRFs) and expansion of existing facilities. They also have the power to approve or disapprove NRF rates for new beds. The Minnesota Supplemental Aid (MSA) program covers a large portion of the costs associated with NRFs. Effective January 1991, the state will be responsible for 100% of MSA costs. The department proposes to modify this arrangement by shifting control of the development and expansion of negotiated rate facilities to the department.

GOAL: To improve the service delivery system.

The department has accomplished a great deal during the 1990-91 biennium in its effort to improve service delivery. Implementation of a combined application form for all income maintenance programs, conversion to the Child Support Enforcement System (CSES), conversion to MAXIS, and implementation of automated mail issuance were all initiatives designed to improve the way we deliver services.

During the 1992-93 biennium, priority will be placed on providing the support and technical assistance needed to maintain the integrity and functionality of the new automated systems.

PLAN:

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

Forecast pages follow the decision pages of this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of the following decision items: Fraud Prevention Investigation Initiative; Increase reimbursement for TAP; Minnesota Family Investment Plan; Restructure Work Readiness Grants Program; and Stride Evaluation/AFDC Child Care. Details of the Governor's recommendation are on the following pages.

30009293

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SUPPORT/TRANSITION SERV.

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
ASSISTANCE PAYMENTS ADMINISTRATION	1,703	2,288	2,563	2,536	4,042	3,992	2,529	4,217	3,975
QUALITY CONTROL/CORRECTIVE ACTION	1,712	2,762	3,178	3,216	3,216	3,216	3,206	3,206	3,206
EMPLOYMENT AND TRAINING	13,281	16,696	30,838	33,922	34,824	34,824	33,921	36,715	36,715
REFUGEE & IMMIGRANT ASSISTANCE	14,435	14,084	13,976	13,967	13,967	13,967	13,966	13,966	13,966
CHILD SUPPORT ENFORCEMENT	5,244	7,002	18,575	16,258	16,258	16,258	17,144	16,894	16,894
REPORTS AND ANALYSES	811	898	940	953	953	953	950	950	950
STATEWIDE AUTOMATED ELIG - MAXIS	4,202	7,013	37,969	25,045	25,045	25,045	20,105	20,105	20,105
AFDC GRANTS	240,270	250,381	267,443	390,032	387,300	387,300	395,483	388,871	388,871
GA GRANTS	39,336	40,871	32,652	51,538	49,193	49,193	51,086	48,006	48,006
WORK READINESS GRANTS	11,107	12,182	26,054	68,587	56,922	56,922	74,473	60,734	60,734
MSA GRANTS	28,354	34,985	45,748	63,881	61,278	61,265	74,105	57,800	57,796
CHILD CARE FUND	16,385	17,523	22,050	42,586	42,611	42,707	50,409	50,134	50,663
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	376,840	406,685	501,986	712,521	695,609	695,642	737,377	701,598	701,881
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	14,154	22,167	53,169	42,826	45,560	45,510	39,642	43,043	42,801
LOCAL ASSISTANCE	359,354	381,849	432,137	149,040	148,739	148,835	155,971	155,367	155,896
AID TO INDIVIDUALS	3,332	2,669	16,680	520,655	501,310	501,297	541,764	503,188	503,184
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	376,840	406,685	501,986	712,521	695,609	695,642	737,377	701,598	701,881
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	176,908	190,254	204,178	263,705	245,984	246,584	285,076	248,211	249,580
STATUTORY APPROPRIATIONS:									
GENERAL	1,678	1,979	43,937	175,211	175,778	175,211	178,368	179,212	178,368
SPECIAL REVENUE	8,542	11,585	28,913	19,182	19,424	19,424	17,833	18,075	17,833
FEDERAL	189,673	202,709	212,949	251,417	251,417	251,417	256,094	256,094	256,094
AGENCY	37	158	12,003	3,000	3,000	3,000			
GIFTS AND DEPOSITS	2		6	6	6	6	6	6	6
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	376,840	406,685	501,986	712,521	695,609	695,642	737,377	701,598	701,881

ACTIVITY: AP Administration
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Fraud Prevention Investigation (FPI) Initiative

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
AP Administration	\$ 172	\$ 230	\$ 230	\$ 230
AFDC Grants	(350)	(700)	(753)	(700)

GOVERNOR'S RECOMMENDATION:

General Fund				
AP Administration	\$ 688	\$ 920	\$ 920	\$ 920
AFDC Grants	(350)	(700)	(753)	(700)
Revenues	\$ 516	\$ 690	\$ 690	\$ 690

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$178,000 in F.Y. 1992 and \$470,000 in F.Y. 1993 to its budget base.

RATIONALE:

These base reallocations and corresponding legislation will allow the department to expand the Fraud Prevention Investigation (FPI) Initiative. Preliminary results from the 7-county FPI Pilot Project indicate that the initiative is a cost-effective form of fraud control. The department proposes to expand FPI to include an additional 11 counties. The identified savings are only possible if the department receives the requested funds to expand FPI. This request is based on dedication of 75% federal reimbursement back to the project, therefore only the state share of the additional costs is reflected below.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the total costs of expanding the FPI initiative be appropriated and that the federal reimbursement be deposited in the general fund.

ACTIV Telephone Assistance Plan
PROGR. Economic Support and Transition
Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Increased Reimbursement for TAP

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
Telephone Assistance Plan (Special Revenue Account)	\$ 242	\$ 242	\$ 242	\$ 242

GOVERNOR'S RECOMMENDATION:

General Fund

Telephone Assistance Plan (Special Revenue Account)	\$ 242	\$ -0-	\$ -0-	\$ -0-
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Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes to increase its reimbursement level, as allowed under M.S. 237.701, by \$242,000 in F.Y. 1992 and \$242,000 in F.Y. 1993.

RATIONALE:

The department receives reimbursement for its administrative expenditures tied to the Telephone Assistance Plan (TAP) from the state treasury's telephone assistance fund. One hundred eighty thousand dollars (\$180,000) has been allocated for the department's administrative costs. This amount is insufficient to cover staff costs and other expenses necessary to comply with the statutory requirement to verify eligibility.

The department is required to verify the eligibility of TAP participants on an annual basis. Enrollments in TAP have far exceeded original projections. Since more than half of the TAP participants do not receive other forms of public assistance, eligibility must be verified manually rather than through electronic matches as was planned initially.

TAP applicants currently submit their applications to their local telephone company and they are put on the program without verification of eligibility. Then, after the fact, the department reviews eligibility status to determine if the participant is actually entitled to receive the TAP credit. The department has discovered that a number of TAP participants are ineligible for the credit. This practice of "post enrollment verification" has failed and needs to be changed. With a modest increase in administrative costs, a change to pre-enrollment verification will significantly reduce the estimated 20% of total program benefits currently paid to ineligible persons.

GOVERNOR'S RECOMMENDATION:

The Governor recommends increasing the agency's reimbursement level by \$242,000 for F.Y. 1992 only. By 2/1/93, the agency shall report to the legislature on the success of this proposed change in verifying recipient eligibility, and the level of continued funding needed.

1992-93 Biennial Budget

ACTIVITY: AP Administration
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Check Cashing - Access

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
AP Administration	\$ 526	\$ 526	\$ 526	\$ 526

GOVERNOR'S RECOMMENDATION:

General Fund				
AP Administration	\$ 526	\$ 526	\$ 526	\$ 526
Revenue	\$ 263	\$ 263	\$ 263	\$ 263

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$526,000 in F.Y. 1992 and \$526,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will allow the department to transfer interest earned on cash balances to cover the cost of contracting with banks to ensure access to no-cost check cashing of public assistance checks.

In counties in which state public assistance warrants are issued, the state currently contracts with banks to cash those warrants. This is done so clients can get the full cash value of benefits, and to maintain no-cost check cashing practice common when counties issued public assistance checks. The state pays banks for this service as it pays for other banking services, using compensating balances. Because of the low volume of public assistance warrants cashed by many banks, especially those in Greater Minnesota, compensating balances has proven a relatively inefficient method of paying banks for services.

Use of compensating balances prevent the state from earning interest on the cash balances now used to pay banks for the check cashing service. A switch to a cost-per-check rate will result in a net savings to the general fund because the state will be able invest the money and earn interest at a rate that will exceed the cost per check rate paid to the banks. In addition to earning interest, direct payments to banks for check-cashing fees are eligible for federal reimbursement through the AFDC, Food Stamps, and Refugee Cash Assistance (RCA) programs. This federal reimbursement will be returned to the general fund.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACT: Employment and Training
PROGRAM: Economic Support and Transition
 Services for Families and Children
AGENCY: Human Services, Department of

PLAN TITLE: Reduce STRIDE Special Projects

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Employment and Training	(\$ 500)	(\$ 800)	(\$ 800)	(\$ 800)

GOVERNOR'S RECOMMENDATION:

General Fund				
Employment and Training	(\$ 500)	(\$ 800)	(\$ 800)	(\$ 800)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes decreasing the budget base by \$500,000 in F.Y. 1992 and \$800,000 in F.Y. 1993.

RATIONALE:

This base reallocation to reduce funding for Success Through Reaching Individual Development and Employment (STRIDE) special projects will enable the department to reassign resources to other activities. Thirty-eight projects are currently receiving grants. The department will use evaluation information about the projects to direct the remaining funds (\$640,000 in F.Y. 1992 and \$340,000 in F.Y. 1993) toward those projects that have proven to be effective.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Employment and Training
PROGRAM: Economic Support and Transition
Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Funding For Jobs Automated System

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Employment and Training	\$ 360	\$ 400	\$ 400	\$ 400

GOVERNOR'S RECOMMENDATION:

General Fund				
Employment and Training	\$ 360	\$ 400	\$ 400	\$ 400
Revenue	\$ 180	\$ 200	\$ 200	\$ 200

Requires statutory change: ____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$360,000 in F.Y. 1992 and \$400,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will allow the department to meet federal reporting requirements by developing and operating a Job Opportunity and Basic Skills (JOBS) Automated System (JAS). Federal regulations implementing the Family Support Act of 1988 require states to provide detailed financial and statistical information about the JOBS program on a monthly, quarterly and annual basis to the Department of Health and Human Services (DHS). An automated reporting system (JAS) is needed to comply with these federal regulations. Minnesota will lose its enhanced federal funding through JOBS if we do not comply with these data reporting requirements. This activity qualifies for federal financial participation at either the 50% or 60% rate. Federal reimbursement earned on these JAS expenditures will be deposited in the general fund.

IPO RECOMMENDATION:

The request is for system planning and design. The Information Policy Office (IPO) supports the concept proposed for improving data sharing between DHS and DJT, and for meeting federal uniform data collection requirements. Funds are available through base reallocation. Planning should be a joint effort by personnel in both agencies who use, supply, and maintain the data. A joint information architecture linking both agency environments should be developed. Development and implementation of the system should be contingent upon further review of the plan by the IPO.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan and that upon completion of the system design the IPO will pr further review before development and operation of the system proceeds.

1992-93 Biennial Budget

ACTIVITY: Employment and Training
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Minnesota Family Investment Plan

addition, savings generated in the child care fund as a result of new federal funding for child care will be designated to cover MFIP child care costs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the funding as requested except for the following: 1) all unspent state child care funds remaining at the end of the 1990-91 biennium should cancel to the General Fund and should not be carried forward and transferred for use in the MFIP pilot and 2) the total evaluation costs should be appropriated and the federal financial participation should be deposited in the general fund as nondedicated receipts.

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Employment and Training	\$ 1,292	\$ 2,184	\$ 1,710	\$ 1,470
MFIP Grants	-0-	1,160	7,970	7,890
Child Care Fund Transfer	-0-	(300)		

GOVERNOR'S RECOMMENDATION:

General Fund				
Employment and Training	\$ 1,343	\$ 2,338	\$ 1,976	\$ 1,736
MFIP Grants	-0-	1,160	7,970	7,890
Child Care Fund Transfer	-0-	-0-		
Revenue	\$ 545	\$ 781	\$ 894	\$ 894
	<u>604</u>	<u>839</u>	<u>266</u>	<u>266</u>

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$1,292,000 in F.Y. 1992 and \$3,044,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base increase and corresponding legislation will allow the department to continue the development of the Minnesota Family Investment Plan (MFIP) and in F.Y. 1993 to test the new program on a field trial basis.

MFIP is the most ambitious welfare reform initiative in the nation. It is a single program for families that will replace Aid to Families with Dependent Children (AFDC), Food Stamps (FS), and General Assistance (GA). MFIP emphasizes client movement to self-support by enabling families to increase their income through work. MFIP also strengthens families. Barriers which have prevented help to 2-parent families are removed. The program recognizes and supports both roles of parents, the production of income, and the provision of care to children.

This request will cover development and program costs incurred in the next biennium as well as costs tied to the evaluation of MFIP. A portion of the biennial request for MFIP represents the state share of the cost of an independent evaluation. Federal financial participation is available for these evaluation costs at a rate of 50%. The amount requested for the independent evaluation assumes that federal receipts received for evaluation-related activities are returned to the program. In

1992-93 Biennial Budget

ACTIVITY: Employment and Training
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Reduce WR Literacy Transportation Fund

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Employment and Training	(\$ 101)	(\$ 104)	(\$ 104)	(\$ 104)

GOVERNOR'S RECOMMENDATION:

General Fund				
Employment and Training	(\$ 101)	(\$ 104)	(\$ 104)	(\$ 104)

Requires statutory change: X Yes (rider) No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$101,000 in F.Y. 1992 and \$104,000 an F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation to reduce the funding available for Work Readiness (WR) Literacy Transportation will enable the department to reassign resources to other activities. The state is required to reimburse counties for the cost of providing transportation to persons receiving literacy training. Reimbursements requested by the counties in past years have been less than the available appropriation.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: Employment and Training
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Eliminate WR Start Work Grants

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Employment and Training	(\$ 200)	(\$ 200)	(\$ 200)	(\$ 200)

GOVERNOR'S RECOMMENDATION:

General Fund				
Employment and Training	(\$ 200)	(\$ 200)	(\$ 200)	(\$ 200)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$200,000 in F.Y. 1992 and \$200,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will eliminate funding for Work Readiness (WR) Start Work grants. A county may already claim some costs directly related to starting employment as a work readiness service expenditure and receive state and federal reimbursement for the cost. The availability of start work grants expands the types of costs covered and the number of work readiness recipients who could be served. This expansion in the types of costs covered and the number of WR recipients served will not be realized if start work grants are eliminated.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Child Support Enforcement
PROGRAM: Economic Support and Transition
Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Privatization of CSES (Contract)

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Child Support Enforcement	\$ - 0 -	(\$ 250)	(\$ 250)	(\$ 250)

GOVERNOR'S RECOMMENDATION:

General Fund

Child Support Enforcement	\$ - 0 -	(\$ 250)	(\$ 250)	(\$ 250)
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Requires statutory change: Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$250,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will result from the department's proposal to contract with a private vendor to provide data center management services to the Child Support Enforcement System (CSES).

The private vendor would provide the services to the Office of Child Support that are currently being provided by the Department of Administration (DOA). We anticipate that a private vendor can provide quality services at a lower cost than DOA charges. This projection assumes the scope of services provided will remain the same.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: AFDC Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Child Support Guidelines

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
AFDC Grants	(\$ 1,482)	(\$ 4,612)	(\$ 8,499)	(\$ 11,388)

GOVERNOR'S RECOMMENDATION:

General Fund				
AFDC Grants	(\$ 1,482)	(\$ 4,612)	(\$ 8,499)	(\$ 11,388)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$1,482,000 in F.Y. 1992 and \$4,612,000 in F.Y. 1993 to its budget base.

RATIONALE:

The approval of amendments to child support guidelines and procedures for modification of child support awards will increase child support collections which are refunded to the Aid to Families with Dependent Children (AFDC) program.

Child support amounts are set according to guidelines. Amendments to the guidelines will update them to reflect child rearing costs and inflation, provide equity in a broad range of situations, and consistency with federal law. An expedited process for modifying orders ensures compliance with federal requirements for the review of orders every 3 years.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: AFDC Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: County Share - Growth (EA)

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
AFDC Grants	\$ -0-	(\$ 1,300)	(\$ 2,300)	(\$ 2,100)

GOVERNOR'S RECOMMENDATION:

General Fund				
AFDC Grants	\$ -0-	(\$ 1,300)	(\$ 2,300)	(\$ 2,100)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$1,300,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will enable the department to control costs in an area where we do not currently have control over expenditures. Effective 7-1-92, the department proposes to reintroduce the county share of growth for Aid to Families with Dependent Children -Emergency Assistance (AFDC-EA). Counties currently have discretion in how they allocate administrative resources to operate this program. Use of EA can be avoided in some cases through the provision of money management services and by accessing energy assistance programs and other resources in the community. While the department may attempt to monitor county administration of this program it has no capability of controlling costs. Retaining a county share of the expenditures for AFDC-EA will encourage counties to contain costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: AFDC Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Retain all Federal SLIAG Funds

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
AFDC Grants	(\$ 900)	\$ - 0 -	\$ - 0 -	\$ - 0 -

GOVERNOR'S RECOMMENDATION:

General Fund				
AFDC Grants	(\$ 900)	\$ - 0 -	\$ - 0 -	\$ - 0 -

Requires statutory change: X (rider) Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$900,000 in F.Y. 1992 to its budget base.

RATIONALE:

The State Legalization Impact Assistance Grant (SLIAG) program is a federal fund established to reimburse state and local governments for costs incurred in providing public assistance and health benefits and educational services to eligible legalized aliens.

This base reallocation to retain all federal SLIAG funds, after reimbursing the Department of Education for educational services will enable the department to dedicate these funds to the Aid to Families with Dependent Children (AFDC) grants account.

Distribution of federal SLIAG funds is currently based on state and county share of income maintenance benefit costs for legalized aliens. One hundred percent financing of income maintenance programs will eliminate the need to reimburse counties for their share of the costs.

The availability of federal SLIAG funds is time-limited, therefore, savings will only be realized in the first year of the next biennium.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: GA Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Restructure General Assistance

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Restricting GA Eligibility				
GA Grants	(\$ 2,345)	(\$ 2,680)	(\$ 3,015)	(\$ 2,680)
WR Grants	1,532	1,344	1,447	1,286
GAMC Grants	(194)	(476)	(515)	(490)
Reintroduce County Share of Growth for EGA				
GA Grants	-0-	(400)	(950)	(900)

GOVERNOR'S PLAN:

General Fund				
Restricting GA Eligibility				
GA Grants	(\$ 2,345)	(\$ 2,680)	(\$ 3,015)	(\$ 2,680)
WR Grants	1,532	1,344	1,447	1,286
GAMC Grants	(194)	(476)	(515)	(490)
Reintroduce County Share of Growth for EGA				
GA Grants	-0-	(400)	(950)	(900)

Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes decreasing the budget base by \$1,007,000 in F.Y. 1992 and by \$2,212,000 in F.Y. 1993.

RATIONALE:

This base reallocation and corresponding legislation will reduce state expenditures for General Assistance (GA) and General Assistance Medical Care (GAMC) and will permit restructuring of the GA program. This proposal will reduce state expenditures by:

1. Modifying GA eligibility categories. One thousand one hundred persons receiving GA will no longer qualify for GA. Instead, they may be eligible for benefits and services through the Work Readiness (WR) program. Also, this proposal will clarify the remaining GA categories to prevent shifting WR recipients to GA.

Families receiving WR will be transferred to GA and non-exempt family members will be required to participate in WR services.

2. Reintroducing the county share of growth over calendar year 1990 base for Emergency General Assistance (EGA) costs effective 7-1-92. Counties currently have discretion in how they allocate administrative resources to operate this program. Use of EGA can be avoided in some cases through the provision of money management services and by accessing energy assistance programs and other resources in the community. While the department may attempt to monitor county administration of this program, it has no capability of controlling costs. Retaining a county share of the expenditures for EGA will encourage counties to contain costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Work Readiness Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Restructure the Work Readiness Grants Program

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
WR Grants				
Limited Eligibility	(\$ 11,849)	(\$ 13,542)	(\$ 15,234)	(\$ 13,542)
Post Secondary	(473)	(541)	(609)	(541)
Initial WR Payment	(875)	(1,000)	(1,125)	(1,000)
GAMC	(2,830)	(4,677)	(5,005)	(4,767)
AP Admin.	50	-0-	-0-	-0-

GOVERNOR'S RECOMMENDATION:

General Fund

WR Grants				
Limited Eligibility	(\$ 11,849)	(\$ 13,542)	(\$ 15,234)	(\$ 13,542)
Post Secondary	(473)	(541)	(609)	(541)
Initial WR Payment	(875)	(1,000)	(1,125)	(1,000)
GAMC	(2,830)	(4,677)	(5,005)	(4,767)
AP Admin.	-0-	-0-	-0-	-0-

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes decreasing the budget base by \$15,977,000 in F.Y. 1992 and by \$19,760,000 in F.Y. 1993.

RATIONALE:

These provisions are effective 7-1-91. This base reduction will be achieved by:

1. Reducing the period that recipients are eligible for work readiness (WR) grants from the current 12 months per year to 3 out of 12 months per year. The commissioner will have authority to adjust the number of months of eligibility, as the limited appropriation permits.
2. Benefits will not start until the first day of the calendar month following application. Now, benefits are prorated from the date of application or the date of eligibility, whichever occurs later.

3. Denying WR payments and services to any person enrolled in a post-secondary education program. WR clients are viewed as being employable and capable of securing employment through their own efforts of with minimal job search assistance. If WR recipients are permitted to attend post-secondary education instead of searching for work, they are likely to remain on assistance for a longer period of time, increasing program costs. WR is not intended to supplement post-secondary financial assistance packages. (This provision does not apply to families.)

There is a one-time administrative cost associated with this proposal. The department is requesting \$50,000 in F.Y. 1992 to develop a program within MAXIS to track clients' months of eligibility.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan with the exception of the \$50,000 requested for administrative costs in F.Y. 1992. Funding for these costs must be reallocated from department resources.

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: MSA Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Restructure Negotiated Rate Facilities

<u>AGENCY PLAN:</u>	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MSA Grants				
Extend 90% rate cap	(\$ 41)	(\$ 46)	(\$ 55)	(\$ 58)
Limit Development	(1,142)	(3,648)	(4,636)	(4,922)
	(1,044)	(3,438)	(4,401)	(4,703)
Board and Care Payment Limit	(970)	(1,049)	(1,128)	(1,049)
<u>State MH Grants</u>	<u>(98)</u>	<u>(210)</u>	<u>(235)</u>	<u>(219)</u>

GOVERNOR'S RECOMMENDATION:

MSA Grants				
Extend 90% rate cap	(\$ 41)	(\$ 46)	(\$ 55)	(\$ 58)
Limit Development	(1,142)	(3,648)	(4,636)	(4,922)
	(1,044)	(3,438)	(4,401)	(4,703)
Board and Care Payment Limit	(970)	(1,049)	(1,128)	(1,049)
<u>State MH Grants</u>	<u>(98)</u>	<u>(210)</u>	<u>(235)</u>	<u>(219)</u>

Requires statutory change: X Yes (Rider) No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$2,153,000 in F.Y. 1992 and \$4,743,000 in F.Y. 1993 to its budget base.

RATIONALE:

Present growth in the number of Negotiated Rate Facilities (NRF) beds and in payment rates must be controlled to keep state costs in line. This base reduction will be achieved by:

1. Extending the 90% rate cap limit for new NRF until 6-30-93. The cap means that the maximum room and board rate for new facilities cannot exceed 90% of the maximum rate allowed under state law. The current rate cap is scheduled to expire 6-30-91.
2. Limiting the development of NRF to those foster homes required for the achievement of net reductions of regional treatment center developmental disabilities census and for compliance with the Alternative Disposition Plan to develop services for persons with developmental disabilities or mental illness inappropriately placed in nursing homes.
3. Limiting the payment rate for non-certified, non-Rule 36 board and care NRF facilities to the state share of the average nursing home level "A" rate appropriate for that geographic region of the state.

ACTIVITY: MSA Grants
 PROGRAM: Economic Support and Transition
 Services for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: County Share - Growth Negotiated Rate Facilities

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MSA Grants (NRF)	\$ -0-	(\$ 547)	(\$ 600)	(\$ 1,483)

GOVERNOR'S RECOMMENDATION:

General Fund				
MSA Grants (NRF)	\$ -0-	(\$ 547)	(\$ 600)	(\$ 1,483)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$547,000 in F.Y. 1993 to its budget base.

RATIONALE:

Effective 7-1-92, the department proposes to reintroduce the county share of growth for payments to negotiated rate facilities (NRF). In the past, counties have had a great deal of discretion in administering this program area. The department monitors county administration of this program, but has limited capability of controlling costs. Retaining a county share of the expenditures for payments to NRF will encourage counties to contain costs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MSA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Corporate Foster Care/Developmental Disabilities Waiver

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MSA Grants	\$ -0-	(\$ 8,825)	(\$ 11,464)	(\$ 11,968)
MA Grants	-0-	4,196	5,223	5,570

GOVERNOR'S RECOMMENDATION:

General Fund				
MSA Grants	\$ -0-	(\$ 8,825)	(\$ 11,464)	(\$ 11,968)
MA Grants	-0-	4,196	5,223	5,570

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$4,629,000 in F.Y. 1993 to budget base.

RATIONALE:

Currently Minnesota Supplemental Aid (MSA) covers room and board costs and supervision and upkeep of the home, when necessary, for persons with mental retardation or related conditions residing in foster care arrangements. This base allocation and corresponding legislation will shift all costs of supervision and general care currently paid through MSA to the federal Developmental Disabilities (DD) waiver when people are hired to staff a home for persons with mental retardation and related conditions. This proposal is contingent on federal approval of a plan amendment to the existing Medical Assistance waiver for home and community-based services to persons with mental retardation and related conditions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Child Care Fund Grants
PROGRAM: Economic Support and Transition
 Services for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: STRIDE Evaluation/AFDC Child Care

AGENCY PLAN:	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

General Fund

Child Care Fund	\$ 121	\$ 254	\$ 283	\$ 197
Child Care Fund	(96)	(229)		

GOVERNOR'S RECOMMENDATION:

General Fund

Child Care Fund	\$ 121	\$ 254	\$ 283	\$ 197
Child Care Fund	-0-	-0-		

Revenue	\$ 12	\$ 12	\$ 12	\$ 12
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Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$25,000 in F.Y. 1992 and \$25,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will enable the department to cover additional child care and administrative costs associated with Minnesota's participation in the national JOBS evaluation. Minnesota is being considered by the Department of Health and Human Services and Manpower Demonstration Research Corporation as one of the sites for the national evaluation of the Job Opportunity and Basic Skills (JOBS) program (known in Minnesota as Project STRIDE). This is an opportunity to have the STRIDE program thoroughly evaluated, at a fraction of what it would cost DHS to do it. One of the conditions of participating in the national JOBS evaluation is that child care must be available to the control group at the same level it is available to the experimental group. This means some control group members will be eligible for an Aid to Families with Dependent Children (AFDC) child care subsidy who would not otherwise qualify for the subsidy in the absence of the evaluation.

Twenty-five thousand dollars (\$25,000) of the department's request will cover county administrative costs of participating in the evaluation. In addition, savings generated in the child care fund as a result of new federal funding for child care will be designated to cover the costs of providing child care services to members of the control group.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan except that all unspent state child care funds remaining at the end of the 1990-1991 biennium should cancel to the general fund and should not be carried forward and transferred for use in the STRIDE evaluation.

AFDC GRANTS
FORECAST INFORMATION

This table shows total AFDC expenditures, including projections through F.Y. 1993:

Total AFDC Program					
<u>Fiscal Year</u>	<u>Total Annual Payments</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>	<u>State Cost for Share Growth</u>
1988	\$294,870,407	\$158,429,645	\$112,765,841	\$23,674,921	
1989	294,809,352	156,816,597	113,693,981	24,298,774	
1990	304,567,971	160,584,391	118,550,789	25,432,791	
PROJECTED					
1991	\$325,318,727	\$172,888,828	\$125,241,110	\$27,188,789	
1992	361,353,122	195,251,156	136,432,195	29,669,771	\$1,014,273
1993	365,106,663	195,554,168	138,969,859	30,582,636	2,711,197

The State share of AFDC has been offset by proceeds from the Mortgage and Deed taxes. This offset ends at the end of 1990, but State share costs will continue to be offset by funds from a special revenue account. A portion of Mortgage and Deed Tax proceeds was also offset against other income maintenance programs, but total offsets are treated here as deducted from AFDC costs.

	<u>Gross State Share</u>	<u>Tax / Revenue Offset</u>	<u>State Cost for County Share Growth</u>	<u>Net State Share</u>
1988	\$112,765,841	(\$52,203,734)		\$60,562,107
1989	113,693,981	(52,266,783)		61,427,198
1990	118,550,789	(54,675,233)		63,875,556
PROJECTED				
1991	\$125,241,110	(\$56,338,000)		\$68,903,110
1992	136,432,195	(54,542,000)	\$1,014,273	82,904,468
1993	138,969,859	(54,542,000)	2,711,197	87,139,056

AFDC GRANTS
FORECAST INFORMATION

The following tables show AFDC caseload and expenditures by three categories of recipients.

<u>Fiscal Year</u>	<u>Monthly Average Recipients</u>	<u>Monthly Average Payments</u>	<u>Total Annual Payments</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>
Single Parent AFDC Recipients						
1988	130,946	\$150.84	\$237,024,546	\$127,614,016	\$92,998,951	\$16,411,580
1989	133,036	149.21	238,204,619	126,963,062	94,555,324	16,686,234
1990	135,984	150.56	245,681,828	129,769,142	98,525,783	17,386,903
PROJECTED						
1991	144,955	\$149.47	\$259,999,332	\$138,475,644	\$103,295,135	\$18,228,553
1992	154,748	152.60	283,377,640	153,534,005	110,367,089	19,476,545
1993	155,988	152.35	285,177,560	153,140,350	112,231,629	19,805,582
Unemployed Parent AFDC Recipients						
1988	31,986	\$128.41	\$49,289,043	\$26,537,221	\$19,339,049	\$3,412,773
1989	30,589	128.06	47,005,104	25,053,720	18,658,676	3,292,708
1990	31,296	129.57	48,658,800	25,701,578	19,513,639	3,443,583
PROJECTED						
1991	34,489	\$129.96	\$53,787,915	\$28,647,444	\$21,369,401	\$3,771,071
1992	40,758	133.51	65,296,878	35,377,848	25,431,175	4,487,854
1993	40,758	135.34	66,196,404	35,547,469	26,051,595	4,597,340
Emergency Assistance						
1988	5,575	\$127.91	\$8,556,818	\$4,278,409	\$427,841	\$3,850,568
1989	6,079	131.60	9,599,629	4,799,815	479,981	4,319,833
1990	6,407	133.03	10,227,343	5,113,672	511,367	4,602,304
PROJECTED						
1991	7,082	\$135.69	\$11,531,479	\$5,765,739	\$576,574	\$5,189,166
1992	7,634	138.40	12,678,604	6,339,302	633,930	5,705,372
1993	8,106	141.17	13,732,699	6,866,350	686,635	6,179,715

AFDC GRANTS
FORECAST INFORMATION

This table shows the projected increases in AFDC expenditures under current law.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
	(Thousands)	
Projected F.Y. 1991 State Share Cost:	\$125,241	\$125,241
Projected Increases Under Current Law		
Single Parent AFDC		
Caseload:	\$6,979	\$7,862
Average Cost:	2,308	2,141
Change in FFP :	(2,216)	(1,067)
Unemployed Parent AFDC		
Caseload:	3,884	3,884
Average Cost:	689	1,047
Change in FFP:	(511)	(248)
Emergency Assistance		
Caseload:	46	87
Average Cost:	12	23
Total State Share Cost	\$136,432	\$138,970
State Cost for County Share Growth	\$1,014	\$2,711
Total State Cost	\$137,446	\$141,681
Increase over F.Y. 1991	\$12,205	\$16,440

GENERAL ASSISTANCE GRANTS
FORECAST INFORMATION

This table shows total GA caseload and expenditures, including projections through F.Y. 1993:

Fiscal Year	Monthly Average Recipients	Monthly Average Payments	Total GA Program		State Share	County Share	State Cost for County Share Growth
			Total Gross Annual Payments	Total Net Annual Payments			
1988	23,841	\$208.13	\$59,543,873	\$53,178,493	\$40,033,582	\$13,144,911	
1989	23,489	209.42	59,029,791	52,664,808	40,635,095	12,029,713	
1990	24,785	212.03	63,075,177	55,996,564	43,206,200	12,790,364	
PROJECTED							
1991	19,088	\$240.16	\$55,012,059	\$48,509,633	\$37,430,033	\$11,079,600	
1992	14,879	258.51	46,156,143	40,700,487	31,404,496	9,295,491	(\$4,879,481)
1993	15,019	258.59	46,604,476	41,095,827	31,709,540	9,386,287	(5,726,138)

This table shows the projected changes in GA expenditures under current law.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
	(thousands)	
Projected F.Y. 1991 State Share	\$37,430	\$37,430
<u>Projected Increases Under Current Law</u>		
Caseload: Net of Caseload Increase and Caseload Shift to Work Readiness	(6,026)	(5,720)
Total State Share Cost	31,404	31,710
State Cost for County Share Growth	(4,879)	(5,726)
Total State Cost	26,525	25,984
Increase Over F.Y. 1991	(10,905)	(11,446)

WORK READINESS GRANTS
FORECAST INFORMATION

This table shows total WR caseload and expenditures, including projections through F.Y. 1993:

Total WR Program							
<u>Fiscal Year</u>	<u>Monthly Average Recipients</u>	<u>Monthly Average Payments</u>	<u>Total Gross Annual Payments</u>	<u>Total Net Annual Payments</u>	<u>State Share</u>	<u>County Share</u>	<u>State Cost for County Share Growth</u>
1988	6,562	\$183.21	\$14,426,736	\$13,431,608	\$10,063,128	\$3,368,480	
1989	7,076	187.26	15,900,819	14,937,393	11,204,189	3,733,204	
1990	8,045	187.88	18,137,564	16,887,886	12,674,462	4,213,424	
PROJECTED							
1991	19,382	\$177.05	\$41,178,525	\$38,341,324	\$28,775,399	\$9,565,925	
1992	29,164	174.09	60,924,305	56,726,620	42,573,677	14,152,943	\$6,910,839
1993	30,881	173.66	64,355,159	59,921,089	44,971,145	14,949,944	9,602,849

This table shows the projected changes in WR expenditures under current law.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
	(Thousands)	
Projected F.Y. 1991 State share	\$28,775	\$28,775
Projected Increases Under Current Law		
Caseload: combination of caseload increase and caseload shift from GA	13,799	16,196
Total State share cost	\$42,574	\$44,971
State cost for co. share growth	\$6,911	\$9,603
Total State cost	\$49,485	\$54,574
Increase over F.Y. 1991	\$20,710	\$25,799

MSA GRANTS
FORECAST INFORMATION

This table shows total MSA caseload and expenditures, including projections through F.Y. 1993:

Total MSA Program						
<u>Fiscal Year</u>	<u>Monthly Average Recipients</u>	<u>Monthly Average Payments</u>	<u>Total Annual Payments</u>	<u>State Share</u>	<u>County Share</u>	<u>State Cost for County Share Growth</u>
1988	11,853	\$178.98	\$25,457,323	\$21,638,725	\$3,818,598	
1989	12,721	222.49	33,963,413	28,868,901	5,094,512	
1990	15,113	237.75	43,116,805	36,649,284	6,467,521	
PROJECTED						
1991	17,398	\$236.30	\$49,333,638	\$41,933,592	\$7,400,046	
1992	20,551	227.00	55,981,807	47,584,536	8,397,271	\$ 747,122
1993	23,314	232.44	65,029,045	55,274,688	9,754,357	1,924,278

MSA GRANTS
FORECAST INFORMATION

The following tables show MSA caseload and expenditures by the living arrangement of the recipient.

Recipients in Negotiated Rate Facilities

<u>Fiscal Year</u>	<u>Monthly Average Recipient</u>	<u>Monthly Average Payments</u>	<u>Total Annual Payments</u>	<u>State Share</u>	<u>County Share</u>
1988	3,571	\$424.13	\$18,176,347	\$15,449,895	\$2,726,452
1989	4,327	486.46	25,258,761	21,469,947	3,788,814
1990	5,086	522.60	31,895,319	27,111,021	4,784,298
PROJECTED					
1991	5,400	\$544.06	35,255,000	29,966,750	5,288,250
1992	6,153	523.08	38,622,725	32,829,316	5,793,409
1993	6,846	545.10	44,782,194	38,064,865	6,717,329

Recipients in Nursing Homes

1988	4,373	\$17.08	\$ 896,158	\$ 761,734	\$134,424
1989	4,016	19.57	943,182	801,704	141,477
1990	3,784	23.14	1,050,684	893,081	157,603
PROJECTED					
1991	3,632	\$26.14	\$1,139,420	\$ 968,507	\$170,913
1992	3,523	28.64	1,210,938	1,029,297	181,641
1993	3,418	30.64	1,256,633	1,068,138	188,495

Recipients in Private Dwellings

1988	3,909	\$136.13	\$ 6,384,818	\$ 5,427,096	\$ 957,723
1989	4,378	147.75	7,761,470	6,597,250	1,164,221
1990	6,337	140.11	10,654,823	9,056,600	1,598,224
PROJECTED					
1991	8,365	\$128.90	\$12,939,218	\$10,998,335	\$1,940,883
1992	10,875	123.74	16,148,144	13,725,922	2,422,222
1993	13,050	121.27	18,990,217	16,141,684	2,848,533

MSA GRANTS
FORECAST INFORMATION

This table shows the projected increases in MSA expenditures under current law

	<u>F.Y. 1992</u>	(Thousands)	<u>F.Y. 1993</u>
Projected F.Y. 1991 State share cost:	\$41,934		\$41,934
<u>Projected Increases Under Current Law</u>			
MR/RC waiver recipients			
Caseload:	\$2,791		\$5,371
Average cost:	611		1,141
Other recipients in negotiated rate facilities:			
Caseload:	1,227		2,670
Average cost:	(1,766)		(1,083)
Recipients in private dwellings:			
Caseload:	3,300		6,159
Average cost:	(572)		(1,016)
Recipients in nursing homes:			
Caseload:	(29)		(57)
Average cost:	90		157
Total State share cost:	\$47,585		\$55,275
State cost for county share growth:	\$ 747		\$1,924
Total State cost:	\$48,332		\$57,199
Increase over F.Y. 1991:	\$6,398		\$15,265

CHILD CARE ENTITLEMENT
FORECAST INFORMATION

This table shows total child care entitled caseload and expenditures, including projections through FY 1993:

Child Care Entitlement						
<u>Fiscal Year</u>	<u>Average Number of Families</u>	<u>Monthly Cost/ Family</u>	<u>Total Annual Payments</u>	<u>Total Federal Share</u>	<u>State Share</u>	<u>County Share</u>
1990	7,226	\$164.87	\$14,296,243	\$6,451,997	\$7,260,486	\$583,760
PROJECTED						
1991	6,816	\$239.52	\$19,590,560	\$10,433,932	\$9,156,628	\$-0-
1992	8,595	257.78	26,587,200	14,404,945	12,182,255	-0-
1993	10,374	276.42	34,410,633	18,478,510	15,932,123	-0-

This table shows the projected changes in child care entitlement expenditures under current law.

	<u>FY 1992</u>	<u>FY 1993</u>
	(Thousands)	
Projected FY 1991 State share cost:	\$ 9,157	\$ 9,157
<u>Projected Increases Under Current Law</u>		
Caseload:	\$ 2,341	\$ 5,231
Average cost:	684	1,544
Total State share cost:	\$12,182	\$15,932
Increase over FY 1991:	\$ 3,025	\$ 6,775

PROGRAM: Economic Support and Services to Elderly Persons **1992-93 Biennial Budget**
Agency: Human Services, Department of

PROGRAM PURPOSE:

The Department of Human Services' (DHS) Economic Support and Services to Elderly Persons Program exists to ensure that Minnesota's 550,000 elderly (over age 65) persons have access to adequate and appropriate health care and social services. The goal of the program is to ensure opportunities for all elderly Minnesotans to live independent, meaningful, and dignified lives, with emphasis on reducing isolation and preventing premature or unnecessary institutionalization. This goal is accomplished by:

1. Managing the state's resources for elderly persons in a cost-effective manner.
2. Ensuring that geographic distribution of services is appropriate, and that funds are appropriately distributed.
3. Analyzing the need for alternative services and delivery systems, and encouraging and enabling development of these resources when and where appropriate.

Accomplishing the goal of the program requires cooperation among many programs and agencies, including the following:

1. The DHS Health Care Management Division provides financing for health care for elderly individuals who lack adequate financial resources.
2. The DHS Long Term Care Management Division develops and maintains rate-setting systems that establish reasonable and adequate reimbursement to providers, administers the PAS/ACG program, and regulates nursing homes and home care. In conjunction with the Department of Health, the division establishes standards of care that must be met by providers, and ensures that long term health care and residential facilities for elderly persons meet federal and state quality assurance standards.
3. The Minnesota Board on Aging (MBA) administers several programs for persons age 60 and over. DHS provides staff to, and acts as the fiscal agent for, the MBA. The MBA promotes services and advocates for elderly Minnesotans, and administers funding to Area Agencies on Aging (AAAs) to provide services to older persons, with emphasis on those in the greatest social and economic need.
4. The DHS Economic Support and Transition Services to Families and Individuals program supplements the incomes of disabled or low-income elderly persons.
5. The Interagency Board for Quality Assurance (IBQA) identifies long term care issues requiring coordinated interagency policies, conducts analyses, coordinates policy development, and makes recommendations to the commissioners of the Department of Human Services, Department of Health, Housing Finance Agency, and State Planning Agency regarding implementation of these policies.

PERFORMANCE:

The department has developed a number of programs intended to meet service needs for elderly persons, including:

1. The Preadmission Screening (PAS) Program, which was implemented in F.Y. 1982, assures appropriate admission to nursing homes, and is intended to encourage the use of cost-effective, community-based care. All applicants to nursing homes are required to be screened by the PAS program. In F.Y. 1990, approximately 25% of persons at risk of nursing home placement were

diverted to less expensive alternative community services through the PAS program screening process.

2. The Alternative Care Grants (ACG) Program, which is a program of home and community based services for elderly persons eligible for Medical Assistance (MA), or who would be eligible for MA within 180 days of nursing home placement. The federal home and community-based services waiver governs the MA portion of the program. Services covered are: homemaker, home health aide, adult day care, adult foster care, respite care, personal care, supplies, and case management. In F.Y. 1989, a legislatively mandated pilot project demonstrating ACG services in congregate housing settings was implemented. Together, the PAS and ACG programs help to prevent or delay the need for more expensive nursing home care at higher cost to the MA program, and allow elderly persons to remain in their own homes. Data on ACG and nursing home caseloads shows that these caseloads are linked: for every 100 persons served on the ACG program, the nursing home caseload is decreased by 58 (± 10) persons. As the ACG caseload rises, the nursing home caseload drops, and when the ACG caseload has dropped, the nursing home caseload has risen.

ACG utilization increased from F.Y. 1987 through F.Y. 1989. In 1989, the case load increased so rapidly that there was insufficient funding for the program. An additional appropriation from the legislature during the 1990 session allowed the program to meet expenditures and continue to expand.

Two independent program evaluations were conducted during F.Y. 1988 and 1989. These studies confirmed that the program is a cost effective alternative to nursing home placement, but that public information efforts about community alternatives should be increased.

3. Fourteen AAAs, which are funded through the MBA. These agencies: a) administer the state-approved area plans on aging; b) advocate for the elderly; c) develop and expand community-based services and resources such as congregate and home-delivered meals, nutrition education, transportation, legal services, senior centers, and information and referral services. The MBA has established an Indian Area Agency on Aging to address the unique needs of elderly persons living on reservations. In F.Y. 1990, using federal and state funding, AAAs provided transportation to 21,000 elderly persons, 12,000 persons received in-home services, and 6,600 persons received legal services. Congregate dining sites served 3.7 million meals to almost 90,000 persons, and 1.3 million home-delivered meals were brought to almost 15,000 persons. Average client contributions were \$1.29 for congregate meals and \$1.41 for home-delivered meals.
4. The State Ombudsman Program, which is a non-regulatory approach toward ensuring quality care and quality of life for older persons in need of long term care and other forms of health care. The program is administered by the MBA to advocate for the rights and needs of older persons by: a) handling complaints and resolving disputes against government units, nursing homes, acute care providers, and third party payers such as Medicare, insurance, HMOs, and Medical Assistance; b) developing informational and educational programs to inform older persons about services, health care, and their rights so that they may advocate on their own behalf; and c) identifying care and service gaps to state policy makers. In F.Y. 1990, the Ombudsman Program received 2,091 complaints, of which 75.7% were successfully resolved. An additional 2,055 older persons received direct assistance in evaluating and accessing needed care, services, and financing options. Almost 17,000 persons will participate in the program's educational programs, and 150 client consumer councils will be assisted or developed.
5. The Retired Senior Volunteer Program, which provides senior volunteer opportunities and services through existing agencies. In F.Y. 1990, over 4,000 senior volunteers provided approximately 440,500 hours of service to 610 agencies at an average cost of \$0.79 per volunteer per hour. Volunteers receive travel and meal expenses and insurance coverage, but no compensation for their time.
6. The Senior Companion Program, which is a program that provides supportive personal assistance to adults, especially older persons in their own homes or in residential facilities, and also provides

stipended opportunities for low income elderly persons. In F.Y. 1990, this program enabled 114 senior companions to provide 115,000 hours of personal assistance to 570 adults, the majority of whom were older persons living in their own homes or in residential facilities. The hourly stipend was \$2.20.

7. The Foster Grandparents Program, which provides the opportunity for close personal relationships and personal assistance to children with exceptional or special needs, as well as providing stipended opportunities for low income elderly persons. In F.Y. 1990, 198 foster grandparents completed 198,000 hours of service, and assisted 396 children.
8. Various Long Term Care Management regulatory and quality assurance programs, including nursing home and residential facility regulation, compliance with federal mandates for quality assurance, development and analysis of alternative long term care services and strategies, and development and administration of home and community-based services and rules, are conducted through the department's Health Care Management program.

PROSPECTS:

The primary factor driving the need for services for elderly persons is the growth in the number of elderly Minnesotans. In 1980, there were 209,000 Minnesotans who were 75 years or older. In 1990, there are 253,000, and by 2010, this population is projected to be 332,000, a 31% increase over 1990. Significantly, the largest gain will be in the 85+ population, historically the most frail and most in need of health and social services. This population is projected to grow by 64% from 1990 to 2010; several areas of the state will experience increases in this population in the 70-85% range, and these immediate future numbers are just the tip of the iceberg. In 2010, the baby boom population will begin turning 65, and the majority of the population will become increasingly older. These growth projections drive forecasted increases in MA expenditures to levels that could be impossible for the state to meet in coming years. Furthermore, the state's current structure for managing long term care needs at the local level cannot accommodate a demographic change of this magnitude.

Several factors contribute to this problem:

1. Unless present referral and placement patterns are changed, Minnesota is projected to need over 8,000 more nursing home beds by the year 2010.
2. The current elderly services delivery system is biased toward institutional care and does not always meet the needs of many elderly persons who are attempting to remain independent. The high and steadily increasing cost of nursing home care, when combined with the projected over 60% increase in the population over age 85 during the next 20 years, will make it extremely difficult for the state to maintain quality institutional services.
3. Minnesota currently has one of the highest institutionalization rates in the nation. Eight percent of Minnesota residents over age 65 are institutionalized, compared to a national rate of 5%. Additionally, Minnesota spends approximately 91% of its long term care dollars on institutional settings, compared to a state such as Oregon, which has a highly developed alternative care system, and spends only 74% of its long term care dollars on institutional settings.
4. The MA nursing home caseload continues to rise. While the majority of people staying in nursing homes less than 6 months are not eligible for MA, after 6 months, more than half of nursing home residents become eligible for MA, and the percentage increases with increased length of stay.

5. Statewide, 25% of nursing home residents are classified as case mix level A. Some areas of the state have "A" placement rates in the 30% range. People with this case mix classification are placed in nursing homes mainly for supervision and minimal assistance and could be served in less restrictive and less costly settings. Adequate alternatives often do not exist, many people are unaware of possible alternatives, and families do not receive enough help in planning for alternatives or in maintaining elderly relatives at home.
6. The current management infrastructure for long term care services at state and local levels is a complex mix of public and private, state and federal programs and services. The state's relationship to local activities is often directed toward payment for specific tasks (e.g., PAS) or administration of a specific program rather than toward integrated planning for policy outcomes. Without a shift in focus and increased coordination or integrated planning at both the state and local levels, the current system cannot begin to address the increased numbers of frail elderly persons needing alternative care services.

The needs of elderly people in Minnesota can also be measured by such indicators as level of individual functioning and health status, economic support capabilities, and availability of "informal" supports. These indicators show:

1. Deterioration in independent functioning in a small portion of the population age 65-85, and a significant deterioration of independent functioning for those age 85+. Both age groups need help to maintain their independence and avoid institutional placement.
2. Until long term care needs intervene, only about 8.6% of Minnesota's over-65 population are eligible for MA. The remainder of the elderly population has stronger income levels and can afford to pay for some care; however, at an average rate of \$26,000 per year for nursing home care, many elders placed in this setting would spend down to MA eligibility within a short time. Lower cost alternatives need to be developed, and their use encouraged.
3. A statewide survey found that 89% of persons age 60-74, and 80% of persons age 75+ believe they would have an informal caregiver (unpaid family or friend) to take care of them at least part of the time if they became sick or disabled. However, present policies and inadequate development of alternative services often make it difficult for informal caregivers to supplement their care with other low-cost alternatives.
4. Presently, as individual functioning and economic resources deteriorate, elderly persons without support from an informal network of unpaid caregivers are often forced into high cost institutional settings. However, with good preventive health care, financial planning, and social supports, this end to independent living can be delayed until a very old age or prevented altogether.

PLAN:

Many Minnesotans assume that high cost institutional care is a necessary component of aging. Yet most elderly people prefer to stay in their own homes as long as possible, and their families want this, too. Families, individuals, and communities already contribute much to the care of frail elderly people. These voluntary contributions are what make alternative care cost-effective. But, while families and communities want to help, present policies are often not directed at supporting people in home environments. To meet the needs and alleviate the problems cited above, the department proposes the following initiatives:

1. Implementation of recommendations of the MBA's 1990 Congregate Housing Service Programs Report to the Legislature, including development of a resource center and funding incentive grants for on-site coordinators in communities statewide to add congregate housing service programs to their subsidized housing for seniors.
2. Continuation of the current Caregiver Support Project, including ongoing development of low cost respite care options, caregiver support groups, and the Caregiver Support Resource Center.

PROGRAM: Economic Support and Services to Elderly Persons **1992-93 Biennial Budget**
(Continuation)
Agency: Human Services, Department of

3. Clarification of state responsibilities for long range planning and coordination of long term care services through the Interagency Board for Quality Assurance.
4. Implementation of the Seniors' Agenda for Independent Living (SAIL) strategy, which includes establishing pilot projects, targeted to areas of need, to test ways to divert elderly persons from nursing home placements. This strategy will emphasize increased access to cost-effective community and family oriented care, and will be based on recommendations from the 1990 SAIL report and the 1990 legislatively mandated evaluation of the PAS/ACG program. The proposed projects will include: a) coordination or integration of planning and management activities at the state and county levels; b) earlier intervention in placement decisions; c) development of low cost alternative service settings, such as adult family day care, adult foster care, and assisted living; d) expanded information and referral; e) expanding markets for home care services; f) providing respite support for the informal caregivers whose unpaid contributions make alternative care possible and cost-effective; g) encouragement for private pay seniors to avoid public programs by using low cost alternative services appropriate to individual needs. Additionally, a statewide public information campaign will be launched (with public-private partnerships) to inform state residents that quality alternatives to nursing home placement exist, and should be used when appropriate.
5. Development of a long term care database to aid in planning, evaluation, and expenditures forecasting. This database will organize data to help staff and the Legislature analyze and make decisions about cost-effectiveness, service outcomes, utilization, and future need.

Reallocations from the projected nursing home caseload to the ACG activity will enable the department to increase the ACG caseload. Reallocations from other areas will be used to implement the SAIL strategy described above.

Adjustment of current law base level funding for the entitled portion of the PAS/ACG program can be found in the forecast pages following the Health Care for Families and Individuals Program.

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of the following Decision Items: Senior's Agenda for Independent Living and Alternative Care Grants Restructuring. The Governor's recommendations are detailed on the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: ECONOMIC SUPPORT/SERVICES ELDERLY

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
AGING ADMINISTRATION	1,234	1,356	1,313	1,322	1,602	1,602	1,320	1,600	1,600
AGING OMBUDSMAN	140	256	354	356	356	356	356	356	356
AGING AREA SERVICES GRANTS	16,615	17,456	17,382	17,382	17,382	17,382	17,382	17,382	17,382
FOSTER GRANDPARENTS GRANTS	666	666	666	666	666	666	666	666	666
RETIRED SENIOR VOLUNTEER GRANTS	347	347	347	347	347	347	347	347	347
SENIOR COMPANION GRANTS	391	391	391	391	391	391	391	391	391
PAS - ALTERNATE CARE GRANTS	14,030	15,458	19,111	23,223	25,073	23,684	23,830	30,167	28,537
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	33,423	35,930	39,564	43,687	45,817	44,428	44,292	50,909	49,279
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									

STATE OPERATIONS	1,182	1,446	1,422	1,433	1,433	1,433	1,431	1,431	1,431
LOCAL ASSISTANCE	18,211	19,026	19,031	21,054	21,334	21,334	21,054	21,334	21,334
AID TO INDIVIDUALS	14,030	15,458	19,111	21,200	23,050	21,661	21,807	28,144	26,514
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	33,423	35,930	39,564	43,687	45,817	44,428	44,292	50,909	49,279
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	18,012	19,670	23,492	23,503	25,633	24,244	23,501	30,118	28,488
STATUTORY APPROPRIATIONS:									
GENERAL				4,112	4,112	4,112	4,719	4,719	4,719
SPECIAL REVENUE	135	135	136	136	136	136	136	136	136
FEDERAL	15,270	16,119	15,920	15,920	15,920	15,920	15,920	15,920	15,920
GIFTS AND DEPOSITS	6	6	16	16	16	16	16	16	16
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	33,423	35,930	39,564	43,687	45,817	44,428	44,292	50,909	49,279

1992-93 Biennial Budget

ACTIVITY: PAS-ACG Grants
PROGRAM: Economic Support and Services to Elderly Persons
AGENCY: Human Services, Department of

PLAN TITLE: PAS/ACG Program Growth

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
PAS-ACG Grants	\$ 6,100	\$ 13,000	\$ 13,000	\$ 13,000
MA Grants	(5,998)	(13,899)	(15,152)	(14,272)

GOVERNOR'S RECOMMENDATION:

General Fund				
PAS-ACG Grants	\$ 6,100	\$ 13,000	\$ 13,000	\$ 13,000
	<u>\$ 3,500</u>	<u>\$ 10,400</u>	<u>\$ 10,400</u>	<u>\$ 10,400</u>
MA Grants	(5,998)	(13,899)	(15,152)	(14,272)
	<u>(2,098)</u>	<u>(6,999)</u>	<u>(352)</u>	<u>(28)</u>

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$102,000 in F.Y. 1992 and a net decrease of \$889,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will allow the department to provide additional Alternative Care Grant (ACG) services to persons for whom it is appropriate, at a lower cost than for nursing home care. For every 100 persons served on the ACG program, the Medical Assistance (MA) nursing home caseload is reduced by 58 (± 10). The average state share cost per person on ACG is expected to be \$457 per month in F.Y. 1992 and \$476 per month in F.Y. 1993. In contrast, the average state and county share cost for 1 month of nursing home care is expected to be \$834 in F.Y. 1992 and \$882 in F.Y. 1993.

The appropriation below includes \$1 million in F.Y. 1992 and \$2.5 million in F.Y. 1993 for inflation. The balance is sufficient to increase the average number of people served by 1,000 per year. However, this program is not an entitlement; it is limited to the amount of the appropriation. Appropriations listed will be distributed on a targeted basis linked to locally coordinated long term care planning through the SAIL strategy outlined in decision page 2.

A legislative rider will specify that any monies allocated to the ACG program but not spent, will revert to the MA Grants program for the nursing home caseload.

GOVERNOR'S RECOMMENDATION:

The Governor ~~concurs with the agency plan~~ proposes an alternative increase of \$1,402,000 in F.Y. 1992 and \$3,401,000 in F.Y. 1993 to the department's budget base. The new figures on this page are a result of a new forecast of costs issued 3-28-91.

1992-93 Biennial Budget

ACTIVITY: Long Term Care Management
PROGRAM: Economic Support and Services to Elderly Persons
AGENCY: Human Services, Department of

PLAN TITLE: Seniors' Agenda for Independent Living (SAIL)

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Aging Administration				
Congregate Housing Svcs. Coord.	\$ 280	\$ 280	\$ 280	\$ 280
LTC Management				
Caregiver Support/Respite Care	145	245	245	245
LTC Forecasting	60	60	60	60
Access/Assessment	514	714	714	714
Adult Foster Care Development	150	250	250	250
Adult Foster Care Modifications	50	50	50	50
Technical Assistance & Public Information Campaign	250	350	350	350

GOVERNOR'S RECOMMENDATION:

General Fund

Aging Administration				
Congregate Housing Svcs. Coord.	\$ 280	\$ 280	\$ 280	\$ 280
LTC Management				
Caregiver Support/Respite Care	500	1,000	1,000	1,000
LTC Forecasting	60	60	60	60
Access/Assessment	514	714	714	714
Adult Foster Care Development	150	250	250	250
Adult Foster Care Modifications	50	50	50	50
Technical Assistance & Public Information Campaign	490	500	500	500
Revenue	271	292	292	292

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$1,449,000 in F.Y. 1992 and \$1,949,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to enhance the availability of low cost alternatives to high cost institutional placements. In order to achieve the savings in BRD #1, some expenditures must be made to ensure appropriate access to Alternative Care Grant (ACG) services. These alternatives are low cost, generally non-medical services designed to:

1. Enable individually appropriate independent living.
2. Support informal, unpaid caregivers.
3. Appeal to private pay as well as Medical Assistance-eligible individuals.

The strategy includes:

1. Continuation and further development of the caregiver support/respite care project.
2. Development and management of a long term care database to aid in planning and evaluation.
3. Modification of the preadmission screening process.
4. Development of outcome-based assessment and services provision.
5. Pilot project development of Adult Foster Care providers (including 24-hour care and adult day care).
6. Development of congregate housing sites.
7. A statewide public information campaign geared to inform seniors of low cost alternatives to institutionalization.
8. Technical assistance to counties.

Additionally, Board on Aging activities (home-delivered meals, RSVP, senior companion programs) will be integrated into planning for this strategy.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a net increase of \$2,044,000 in F.Y. 1992 and \$2,854,000 in F.Y. 1993.

The Governor proposes to add \$1,500,000 to the agency's request, adding \$1,110,000 to caregiver support/respite care development and \$390,000 to the public information campaign.

The goal of this proposal is to strengthen the informal support networks that already exist and build new ones where they are needed in order to develop in Minnesota the best informal support network in the country.

Included in this proposal are 36 volunteer caregiver support/respite projects and 2 community care manager projects. The caregiver support/respite projects will be initiated by providing \$20,000 grants to local communities to establish volunteer caregiver support/respite care projects. The community care manager projects are similar to the block nurse program.

In addition to building an alternative long-term care infrastructure in Minnesota, the Governor proposes to use a public information campaign to highlight the new alternatives that are being developed. This campaign will aim to inform the public of the alternatives and stimulate interest in them.

By doing so, the Governor believes it will be possible to continue to maintain the moratorium on the development of nursing home beds even though the number of elderly Minnesotans is growing rapidly. The Governor further expects that by creating less expensive alternatives, many elderly, who would otherwise spenddown to Medical Assistance if placed in a nursing home, will be able to remain private pays in an appropriate alternative setting.

1992-93 Biennial Budget

ACTIVITY: Long Term Care Management
PROGRAM: Economic Support and Services to Elderly Persons
AGENCY: Human Services, Department of

PLAN TITLE: Alternative Care Grants Restructuring

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
PAS/ACG Grants	(\$ 3,247)	(\$ 4,147)	(\$ 4,147)	(\$ 4,147)

GOVERNOR'S RECOMMENDATION:

General Fund

PAS/ACG Grants	(\$ 3,997)	(\$ 4,897)	(\$ 4,897)	(\$ 4,897)
	(\$ 2,451)	(\$ 3,973)	(\$ 3,943)	(\$ 3,943)

Requires statutory change: ☒ Yes ☐ No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease to the budget base of \$3,247,000 in F.Y. 1992 and \$4,147,000 in F.Y. 1993.

RATIONALE:

This restructuring of the Alternative Care Grants (ACG) program includes changes in the way clients' copayments are calculated and collected and will also impose a new monthly limit on state payments for ACG services to 180-day eligible clients.

Currently, the 180-day portion of the ACG program operates on a sliding-fee basis, with counties responsible for collection of sliding-fee payments. However, county collections of sliding-fee payments are minimal and are credited to counties' ACG accounts. Under this proposed change, the fee will be treated similar to medical assistance (MA) spenddown. The fee will be deducted from the provider payment and credited directly to the state Preadmission Screening/ACG program.

State programs for ACG services for 180-day eligible clients shall be limited to 60% of the total cost of nursing home care, according to case mix classification. It is estimated that about 447 people would require services at a higher cost than these limits. These clients would have the option of limiting services, paying the cost of services over the monthly payment limit, or entering a nursing home.

With a monthly payment limit set at 60% of the state share of nursing home costs, the statewide average cost for ACG clients will continue to be below the state share of nursing home costs for the same group of clients.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a decrease to the budget base of ~~\$3,997,000~~ \$2,451,000 in F.Y. 1992 and ~~\$4,897,000~~ \$3,943,000 in F.Y. 1993. The new figures on this page are a result of the new forecast for this program issued 3-28-91.

In addition to accepting the restructuring proposal outlined above, the Governor proposes to reduce the budget base an additional \$750,000 per year because the annualized cost of services for the projected end-of-year caseload (F.Y. 1991) is lower than the amount of funding currently in the base level.

PROGRAM PURPOSE:

The Department of Human Services' (DHS) Services to Special Needs Adults Program exists to ensure an array of integrated community based services to adults who are vulnerable or handicapped that will enable them to live and work within the community at their highest possible level of functioning. The adults included are those with developmental disabilities, mental illness, chemical dependency, hearing impairment, and those who are victims of neglect and abuse. The goal of this program is to make life as normal and productive as possible for individuals who have handicaps. This includes providing choices of how and where to live while maintaining appropriate accountability for public resources. To achieve its goal this program must:

1. Ensure that services meet appropriate standards including respect for the rights and responsibilities of clients.
2. Work closely with all affected parties to identify and serve the special needs of under-served adults, including homeless, American Indians, dual-disability people, and others.
3. Supervise, evaluate, and monitor counties and service providers to see that program purposes are achieved.
4. Allocate state and federal funds to enable counties and service providers to meet locally determined needs and promote innovative services.
5. Create and foster working partnerships among state and local human service agencies to facilitate the integration and coordination of services.
6. Develop service delivery and funding systems that deliver needed services in the least restrictive, most cost-effective manner.
7. Facilitate cooperation among all system stakeholders in developing service systems responsive to the needs of clients.
8. Participate in public education and other prevention efforts to reduce the incidence of disabilities and the public stigma often associated with these disabilities.

The overall theme for adults with special needs is integration into normal community life within the constraints of resources available to local social service agencies.

PERFORMANCE:

While the purposes of services for special needs adults are remarkably similar, the framework within which these services are provided are very different.

For vulnerable adults, the funding is provided primarily through state block grants and local levies. The mandated reporting of neglect and abuse of vulnerable adults is relatively recent. The number of such reports has grown every year and will continue a steady increase as both local social service agencies and individuals become more aware of the problem, the resources available, and the response needed.

For persons with developmental disabilities, funding comes primarily through Medical Assistance (MA) (federal, state, and some local funding). For some individuals, the services are funded through state grant programs and local dollars. Since this is a long term disability, the strategy is to provide appropriate incentives to care for persons with disabilities in small community-based living alternatives. During the current biennium, the department expects to move 95 residents out of nursing homes and 271 out of state regional treatment centers into community-based services. The department is also helping to maintain persons in family or own home situations by providing necessary support services.

Treatment services for persons who are chemically dependent are funded primarily through the Consolidated Chemical Dependency Treatment Fund. One major goal is to provide outpatient treatment wherever clinically possible, rather than inpatient services, in order to treat the largest number of public clients at least cost. Of all clients completing treatment paid for by the Chemical Dependency (CD) Fund, 65% are abstinent 6 months after treatment.

Services for adults with mental illness are funded through a variety of sources, including state and federal grants, MA, and local levies. As with persons who are developmentally disabled, the long term strategy is to maintain people in a normal community environment. To implement this, community support programs have been established in all counties. These programs serve a variety of adults with serious and persistent mental illness. During this biennium, the department expects to move 100 inappropriately placed persons out of nursing homes and facilitate the movement of 50 persons from Anoka State Regional Center into community placements.

For hearing impaired persons, funding is provided by state appropriations for program planning, training, information/referral, and technical assistance to individuals, families, counties, and agencies statewide. DHS provides direct services through its regional service center program with 8 sites statewide, serving approximately 6,000 consumers every year. The division also monitors the Hearing Impaired/Mentally Ill Mediated Settlement Agreement and grants to community agencies which provide direct services in the areas of mental health, deaf-blindness and interpreter referral.

PROSPECTS:

The department's responsibilities for adults who are vulnerable or handicapped span a broad array of disabilities and conditions. In meeting the needs of these groups, the agency has historically developed very different modes of program administration. In order to clarify this variety of different methods of program and funding mandates, the department has begun an in-depth study of service mandates and their effect upon local service providers, particularly county social service agencies.

The goal is to provide sufficient flexibility for local agencies to meet local needs while maintaining accountability for outcomes and appropriate use of public dollars. Achieving this goal requires the department to accomplish 3 different objectives simultaneously.

The first step is the study of state mandates, including careful analysis of both state laws and state administrative rules.

Second, the state agency has required biennial plans from counties spelling out in detail their proposed services for a number of different target populations along with the proposed budget for providing the service. With the advent of computerized information systems, much of the information used for developing plans and budgets and for determining compliance can now be supplied more efficiently. In response, the state is working closely with county directors to simplify and streamline the county planning system.

The third necessary part of this effort must be the development of up-to-date effective information systems for all adult services. While the mental health information system has been a recent development, the social service information system is clearly obsolete. In order for mandate analysis and planning simplification to work, there must be an adequate and up-to-date information system to provide the accountability for both services and the use of funding. A budget initiative addressing the need to create a new social service information system is located in the Program for Legal and Intergovernmental Services.

Regardless of disability, the thrust of all of these departmental initiatives is to make life as normal and as productive as possible for individuals who have handicaps. This means making it possible for clients to choose where and how to live. Most clients prefer to live in small community settings like apartments rather than in large institutions. It also means making it possible for clients to change their minds, make mistakes, and meet different needs at different times. This suggests a need for maximum flexibility within and among services, with meaningful opportunities for clients to choose, while still maintaining fiscal control, program accountability, and favorable client outcomes.

1992-93 Biennial Budget

PROGRAM: Services to Special Needs Adults
(Continuation)
Agency: Human Services, Department of

An important aspect of the housing issue is homelessness. Taken together, people with either mental illness or chemical dependency constitute about 2/3 of those without homes. Both federal and state dollars have been allocated to reach out and provide immediate shelter and transitional housing along with needed treatment and support services. Issues of housing and homelessness are of concern to a number of different state agencies. An interagency work group with the Minnesota Housing Finance Agency as the lead agency is developing joint initiatives to address both mitigation and prevention of housing problems.

The extent to which third-party payers are responsible for funding services to special needs adults is another major issue, particularly for persons with chemical dependency or mental illness. This also is a multi-agency concern to be addressed through the legislative Health Care Access Commission during the 1991 Legislative session.

The format of the department's F.Y. 1992-93 budget highlights an issue that has received less attention than it deserves. Adults with special needs do not arrive in neat packages, one special need to a customer. It is much more common to identify a cluster of special needs, all of which must be addressed if the person is to achieve a normal life. So the department needs to think in terms of flexible services addressed to clients as individuals. Some are hearing impaired and developmentally disabled; others may be mentally ill and mentally retarded or chemically dependent.

PLAN:

1. A team including department management staff and key county welfare directors has agreed on a simplified and streamlined social service/mental health planning format to be implemented for the next planning cycle beginning in 1991. Training for this revised plan will be done jointly by department and county staff.
2. A number of department regulations are being reviewed and modified: Chemical Dependency Assessment and Placement Criteria (Rule 25); Outpatient Chemical Dependency Treatment (Rule 43); Case Management - Developmental Disabilities (Rule 185); Licensing of Adult Residential Programs - Mental Illness (Rule 36); Community Support Programs - Mental Illness (Rule 14); Outpatient Mental Health Centers and Clinics (Rule 29). There will also be a report to the 1991 Legislature on the funding and licensing options for chemical dependency aftercare.
3. Proposals to regulate professionals providing chemical dependency services will be introduced in the 1991 Legislative session. A regulatory coalition will be supporting legislation for licensure; the Department of Health will also be making recommendations.
4. A number of department initiatives concern adults who have multiple disabilities and needs. Some of these efforts are joint conferences, cross training of staff, and joint funding demonstrations for persons with a variety of physical and mental problems.
5. The department has been closely following the work of the Health Care Access Commission as it pertains to meeting the needs of adults with disabilities.

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

Forecast pages follow the decision pages of this program. Adjustment of current law base level funding for the consolidated chemical dependency treatment fund (CCDTF) can be found in the forecast pages following this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan with the exception of the following Decision Item: Interpreter Referral. The program also includes a Governor's initiative. The Governor's recommendation is detailed on the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: SERVICES TO SPECIAL NEEDS ADULTS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
SOCIAL SERVICES ADMINISTRATION	1,826	1,892	2,108	2,088	2,088	2,088	2,088	3,181	3,181
COMMUNITY SOCIAL SERVICE GRANTS	96,459	97,156	99,195	99,067	99,067	99,067	99,067	99,067	99,067
DEVELOPMENTAL DISABILITIES ADMIN.	1,453	1,659	1,542	1,863	1,906	1,906	1,859	1,902	1,902
SILS	3,658	4,271	4,698	4,698	4,905	4,905	4,698	5,278	5,278
CHEMICAL DEPENDENCY ADMINISTRATION	498	606	763	723	723	723	722	722	722
AMERICAN INDIAN CD GRANTS	1,066	1,062	1,065	1,065	1,065	1,065	1,065	1,065	1,065
CD SPECIAL GRANTS - ADULTS	357	570	1,497	1,318	1,318	1,318	1,217	1,217	1,217
CD BLOCK GRANT - FEDERAL	7,438	13,009	14,132	14,132	14,132	14,132	14,132	14,132	14,132
CD CONSOLIDATED TREATMENT	45,391	54,809	59,216	47,351	47,351	49,851	51,739	51,739	54,239
MH PROGRAM ADMINISTRATION	916	947	1,300	1,103	1,353	1,453	1,099	1,349	1,449
STATE MENTAL HEALTH GRANTS - ADULT	18,931	20,437	24,230	24,460	24,312	25,212	24,460	26,150	27,050
FEDERAL MENTAL HEALTH GRANTS	2,083	2,869	1,345	2,181	2,181	2,181	2,066	2,066	2,066
HEARING IMPAIRED	2,777	2,739	3,104	3,129	3,159	3,159	3,123	3,153	3,153
TOTAL EXPENDITURES BY ACTIVITY	182,853	202,026	214,195	203,178	203,560	207,060	207,335	211,021	214,521
DETAIL BY CATEGORY:									
STATE OPERATIONS	10,884	11,622	13,647	13,321	13,444	13,544	13,082	14,298	14,398
LOCAL ASSISTANCE	127,659	136,671	142,765	143,939	144,198	145,098	143,947	146,417	147,317
AID TO INDIVIDUALS	44,310	53,733	57,783	45,918	45,918	48,418	50,306	50,306	52,806
TOTAL EXPENDITURES BY CATEGORY	182,853	202,026	214,195	203,178	203,560	207,060	207,335	211,021	214,521
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	79,142	81,932	88,904	113,995	114,347	117,877	116,973	120,629	124,159
STATUTORY APPROPRIATIONS:									
GENERAL	753	754	494		30			30	
SPECIAL REVENUE	46,481	55,552	60,264	23,971	23,971	23,971	25,265	25,265	25,265
FEDERAL	56,457	63,788	64,504	65,212	65,212	65,212	65,097	65,097	65,097
AGENCY	18		3						
GIFTS AND DEPOSITS	2		26						
TOTAL FINANCING	182,853	202,026	214,195	203,178	203,560	207,060	207,335	211,021	214,521

1992-93 Biennial Budget

ACTIVITY: SILS
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

PLAN TITLE: Semi-Independent Living Services Expansion and Adjustment

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
SILS (Cap Rate at 70%)	(\$ 135)	(\$ 135)	(\$ 135)	(\$ 135)
SILS (Growth)	342	715	715	715
MSA Grants	105	223	256	243

GOVERNOR'S RECOMMENDATION:

General Fund				
SILS (Cap Rate at 70%)	(\$ 135)	(\$ 135)	(\$ 135)	(\$ 135)
SILS (Growth)	342	715	715	715
MSA Grants	105	223	256	243

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$312,000 in F.Y. 1992 and \$803,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will provide Semi-Independent Living Services (SILS) to 100 additional persons per year while imposing a rate cap on the hourly rate SILS vendors charge for providing services.

Growth in the SILS program continues to be necessary in order to relocate persons who no longer need the level of care provided in Intermediate Care Facilities for Persons with Mental Retardation (ICFs/MR). If these relocations do not occur, the state becomes at risk of federal disallowances in the Medicaid program. The increase in Minnesota Supplemental Aid (MSA) is necessary for those persons who require associated living expenses while receiving program services through SILS.

Capping the hourly rate will reduce the total allowable costs per hour of services which will reduce total SILS expenditures. This action potentially impacts 400 persons who are currently being served above the rate of \$22 an hour and would require counties to renegotiate contracts for services. There are a total of approximately 1,400 persons currently served in the SILS program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: Consolidated Chemical Dependency Treatment Fund **1992-93 Biennial Budget**
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

DECISION ITEM: Chemical Dependency Services for Non-Entitled
Clients

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund

CD Consolidated Treatment	\$	2,500	\$	2,500	\$	2,500	\$	2,500
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Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Governor proposes an increase of \$2,500,000 in F.Y. 1992 and \$2,500,000 in F.Y. 1993 to enable the Consolidated Chemical Dependency Fund (CCDTF) to serve persons with incomes above MA and GAMC entitlement limits.

RATIONALE:

It is projected that resources currently recommended by the Governor for the CCDTF in the next biennium will serve only "Tier One" clients as defined in legislatively mandated financial standards. These are entitled clients - those enrolled in MA or GAMC or meeting MA income limits. An additional resource commitment will provide treatment which may prevent some of those persons above entitlement limits ("Tier Two" and "Tier Three" clients) from becoming dependent on public assistance. It is currently projected that \$5,000,000 additional funding will serve approximately 40% of those in "Tier Two" (incomes between entitlement limits and 60% of the state median income). However, changes which will increase delivery system productivity may be possible, thereby stretching resources to serve more clients. To that end, the agency will review and evaluate all state chemical dependency service and licensure mandates and submit a report with recommendations to the Governor and the Legislature by 10-1-92.

These additional resources will be administered in a separate account which will not be considered part of entitlement funding.

1992-93 Biennial Budget

ACTIVITY: Hearing Impaired
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

PLAN TITLE: Interpreter Referral

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
Hearing Impaired	\$ 30	\$ 30	\$ 30	\$ 30
Dedicated Receipts	(30)	(30)	(30)	(30)

GOVERNOR'S RECOMMENDATION:

General Fund				
Hearing Impaired	\$ 30	\$ 30	\$ 30	\$ 30
Revenue				
General Fund	\$ 30	\$ 30	\$ 30	\$ 30

Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency is proposing to fund increased statewide interpreter referral services by charging fees for referrals.

RATIONALE:

The Deaf Services Division is mandated to provide for statewide interpreter referral services. This activity is underfunded to meet the level of demand for this service. By instituting fees for referrals, Deaf Services can generate an additional \$20,000/year. Retaining fees that agencies pay for emergency interpreting services provided by Deaf Services' staff will generate an additional \$10,000/year.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan with the exception that fees received for referrals and interpreting services will be non-dedicated receipts of the General Fund pursuant to executive branch policy.

1992-93 Biennial Budget

ACTIVITY: State MH Grants - Adults
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

PLAN TITLE: Mental Health Housing Initiative

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
State MH Grants-Adults:				
Housing Subsidies	\$ -0-	\$ 1,000	\$ 1,000	\$ 1,000
Hsg. Support Services (Rule 14)	-0-	1,000	1,000	1,000
IMD Alternatives	150	600	600	600
Rule 12 Grants	-0-	(500)	(500)	(500)
MSA Grants:				
Bd. & Lodge Neg. Rates	(-0-)	(208)	(249)	(457)
Nursing Facilities	(70)	(298)	(344)	(454)
MA Grants:				
Nursing Facilities	61	262	299	270
IMD Ancillaries	137	478	661	695
GAMC Grants:				
IMD Ancillaries	(299)	(1,032)	(1,420)	(1,494)
State MH Administration	250	250	250	250
Health Care Management	70	70	70	70
TOTAL (Net)	\$ 299	\$ 1,622	\$ 1,367	\$ 980

GOVERNOR'S RECOMMENDATION:

General Fund				
State MH Grants-Adults:				
Housing Subsidies	\$ -0-	\$ 1,000	\$ 1,000	\$ 1,000
Hsg. Support Services (Rule 14)	-0-	1,000	1,000	1,000
IMD Alternatives	150	600	600	600
Rule 12 Grants	-0-	(500)	(500)	(500)
MSA Grants:				
Bd. & Lodge Neg. Rates	(-0-)	(208)	(249)	(457)
Nursing Facilities	(70)	(298)	(344)	(454)
MA Grants:				
Nursing Facilities	61	262	299	270
IMD Ancillaries	137	478	661	695
GAMC Grants:				
IMD Ancillaries	(299)	(1,032)	(1,420)	(1,494)
State MH Administration	250	250	250	250
Health Care Management	70	70	70	70
TOTAL (Net)	\$ 299	\$ 1,622	\$ 1,367	\$ 980
Revenue	29	29	29	29

Requires statutory change: X Yes No
Statutes Affected:

SUMMARY:

The agency proposes a net increase of \$299,000 in F.Y. 1992 and \$1,622,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will:

1. Develop a pilot rental subsidy program to enable about 400 adults with serious and persistent mental illness to live in decent, affordable housing. About 200 of these people are now homeless, 50 are living in regional treatment centers (RTCs) and the other 150 are in negotiated rate facilities. Moving people from negotiated rate facilities to supported housing will reduce Minnesota Supplemental Assistance (MSA) costs.
2. Expand housing support services from 10 counties to 40, including a provision to allow counties to convert current Rule 12 funding from residential facility-based services into housing support services.
3. Downsize 18 existing Institutions for Mental Disease (IMD) to improve services for another 400 people and maximize federal reimbursement for 290 of those 400 who would be eligible for medical assistance (MA) if they were not in an IMD. This effort will reduce MSA costs for nursing facilities and reduce general assistance medical care (GAMC) costs for ancillary services.
4. Implement MA reimbursement for rehabilitative services provided by small (non-IMD) Rule 36 residential programs.

Many adults with mental illness are now in restrictive and expensive placements because of inadequate funding and inadequate support services to permit them to live in less restrictive settings. In 1989, the Legislative Audit program evaluation division conducted a major study of Rule 36 residential treatment programs for adults with mental illness. Instead of recommending additional Rule 36 beds, the study recommended improved services for existing beds and an immediate funding priority for "supportive services that are not tied to residence in a facility." This proposal will result in significant progress towards implementation of the Legislative Auditor's recommendations.

In addition, many of the current facilities are large and have therefore been designated as Institutions for Mental Disease (IMD) under new federal regulations. IMD residents age 21-65 are ineligible for all Medical Assistance services. The Legislature has authorized use of 100% state funding under GAMC to pay for ancillary services for IMD residents. If IMDs are downsized to 16 beds or less, their residents again become eligible for federal funding.

~~Certain components of Rule 36 residential programs are eligible for federal MA rehabilitative services if the services are provided in facilities of 16 beds or less, the state chooses this as a statewide service option and other general requirements relating to federal MA are complied with.~~

~~The proposed reduction in Rule 12 grants will help fund the new housing support services, while the projected new federal revenue will still allow the residential programs to obtain a net increase in funding. The increased funding for the residential programs will be used for improved services, including additional staff to enable these programs to serve more difficult clients as recommended by the Legislative Auditor.~~

~~The department does not propose to expand the number of residential treatment beds available in the state. The department will limit providers to those licensed under Rule 36. The department will control the maximum number of beds and maximum amount of billings through control over the Rule 12 grant process. The non-federal share of the MA service payments will be drawn directly from existing state Rule 12 grants based on actual utilization. The projected starting date for MA rehabilitative services in Rule 36 programs is 10-1-92; however, this is dependent on implementation of the new MA Information System and many other factors. In case implementation is delayed, it is essential that Rule 12 grants are available to continue programs at their current funding level.~~

ACTIVITY: State MH Grants - Adults
(continued)
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

A number of counties have requested approval to convert their current Rule 12 facility-based funding into housing support services. The department is proposing a rider allowing such voluntary conversion by counties and providers. The proposed decrease in Rule 12 grants, and \$500,000 of the increase in housing support funding will be contingent on these voluntary conversions.

The proposed administrative costs are needed to coordinate this initiative with the counties, providers, advocacy groups, and others who will be affected. The administrative costs are also essential to generate about ~~\$1,600,000~~ \$600,000 in new federal funds in F.Y. 1993, with the potential for increased federal funds in future years. The new federal MA funds do not appear in the state budget, but are a key to making this initiative possible.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: State MH Grants - Adults
 PROGRAM: Services to Special Needs Adults
 AGENCY: Human Services, Department of

PLAN TITLE: Reduce Compulsive Gambling Services

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
State MH Grants - Adults	(\$ 200)	(\$ 200)	(\$ 200)	(\$ 200)

GOVERNOR'S RECOMMENDATION:

General Fund				
State MH Grants - Adults	(\$ 200)	(\$ 200)	(\$ 200)	(\$ 200)

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$200,000 in F.Y. 1992 and \$200,000 in F.Y. 1993 in its budget base.

RATIONALE:

Following a comprehensive assessment of agency priorities, it has been determined that this activity should be reduced.

This base reallocation will eliminate most services related to prevention and treatment of compulsive gambling. After this reduction, \$100,000 per year will remain in the budget base for services related to compulsive gambling. In the 1990-91 budget, \$100,000 of the \$300,000 annual appropriation for these services is funded as an expense of the state lottery.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: State Mental Health Grants - Adults
PROGRAM: Services to Special Needs Adults
AGENCY: Human Services, Department of

PLAN TITLE: Regional Treatment Center Alternatives

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

General Fund

State MH Grants - Adults:	\$	900	\$	900	\$	900	\$	900
State MH Administration:		100		100		100		100

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The Governor proposes an increase of \$1,000,000 per year for Regional Treatment Center alternatives.

RATIONALE

This base reallocation will create community-based alternatives to institutional care for up to 140 to 160 difficult-to-serve patients through replication of the Anoka Alternatives Project at 4 Regional Treatment Centers (RTCs).

The Anoka Alternatives Project was initiated by the 1990 Legislature to address overcrowding at the Anoka-Metro RTC due to insufficient community services to meet the needs of adults with serious and persistent mental illness. The 6 metro counties are projecting that, as a result of the \$500,000 FY 1991 Anoka Alternatives appropriation, 50 people who previously could not be discharged because of insufficient community services will have been relocated in the community. In the first 6 months of the project, 22 people were discharged and discharge planning was occurring with an additional 48 people. Creative programming based on individual needs and choice as well as coordination by the state, county, RTC and providers is producing successful results. DHS staff play a critical role in facilitating the needed system-wide coordination.

This proposal would build on the Anoka Alternatives experience to develop short-term services to meet the transition needs of 140 to 160 patients currently being provided acute care psychiatric services at up to 4 RTCs.

- Funding would be awarded to counties responsible for providing enhanced services to the specific individuals to be served.
- Services eligible for reimbursement would be those not currently available in the counties of financial responsibility such as:

Short-term housing subsidies
 Enhanced community support services
 Friendly visitor services
 24-hour access to mental health staff
 Transportation services
 Parenting supports
 Employability services

- Discharge planning would be for those patients identified as otherwise ready for discharge for whom appropriate community-based services are not available.
- Discharge planning processes would include the assigned county case manager, state mental health division staff, and RTC staff.
- Administrative funding is needed to coordinate and supervise the collaborative discharge planning process.
- Services funded through this appropriation would be transitional in nature. Other services such as case management, Section 8 housing subsidies, and community support services would provide long-term, ongoing support.
- The Anoka Alternatives project, serving the largest metropolitan area and most prone of the state facilities for overcrowding and waiting lists, would be continued for at least 1 year of the biennium (the current \$500,000 is one-time funding which is not in the base). Three other RTCs will be included starting 1-92.

One-hundred forty to 160 targeted patients at up to 4 RTCs will be returned to the community from institutional settings and encouraged toward self-sufficiency. Relocation of these individuals will show the degree to which new or different services are needed in order to maintain individuals in the least restrictive, most appropriate settings. Counties will be supported in their efforts to develop community-based mental health services. Client-specific data will be tracked to evaluate success.

Linkages will be built to existing community-based mental health services, to facilitate ongoing support in the community.

Need for funding for recapitalization of older RTCs will be reduced.

Housing support services

CONSOLIDATED CHEMICAL DEPENDENCY TREATMENT FUND
ENTITLED PLACEMENTS
FORECAST INFORMATION

This table shows total CD Fund entitled placements and expenditures, including projections through FY 1993:

<u>Fiscal Year</u>	<u>Annual Placements</u>	<u>Cost per Placement</u>	<u>Total Vendor Payments</u>	<u>County Payments</u>	<u>Other Revenues & Collections</u>	<u>Net State Obligations</u>
(Total CD Fund)						
1989	17,448	\$2,572	\$44,892,777			
1990	19,455	2,581	50,214,115	\$11,243,494	\$8,752,077	\$30,218,544
PROJECTED 1991	20,645	2,546	51,967,295	11,640,674	9,507,678	30,818,943
(Entitled Placements Only)						
PROJECTED 1992	17,509	\$2,689	\$47,084,848	\$10,547,006	\$12,322,024	\$24,215,818
1993	18,404	2,797	51,473,213	11,530,000	12,633,598	27,309,615

This table shows the projected costs for entitled placements under the CD Fund, compared to total State cost for the CD Fund in FY 1991.

	<u>FY 1992</u>	<u>FY 1993</u>
	(Thousands)	
Projected FY 1991 State cost:	\$30,819	\$30,819
Projected Increases Under Current Law		
<hr/>		
Caseload: reduced from total fund to entitled placements:	(\$7,909)	(\$5,960)
Average cost per placement:	1,306	2,451
Total State share cost:	\$24,216	\$27,310
Increase over FY 1991:	(\$6,603)	(\$3,509)

PROGRAM: Services to Special Needs Children
Agency: Human Services, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Department of Human Services (DHS), Services to Special Needs Children Program exists to ensure that Minnesota's children and their families have access to appropriate mental health, chemical dependency, family support, and social services programs. To achieve its purpose, the Special Needs Children Program administers a variety of services and activities designed to:

1. Reduce or remove barriers to effective parenting.
2. Strengthen family functioning in times of crises.
3. Protect children at risk of maltreatment and substance abuse.
4. Protect children at risk of inappropriate placement outside the family home.
5. Reunify families who have been living apart.
6. Reduce out-of-home placements for children with developmental disabilities.
7. Identify and treat the mental health needs of children and families.

The Program delivers its services through the following activities: State Mental Health Grants--Children, Children's Services Administration, Children's Services Grants, Family Subsidy, and Chemical Dependency Special Grants--Children.

Access to these programs and services serving children and families is enhanced by:

1. Developing and promoting culturally diverse and sensitive prevention, intervention and treatment service models.
2. Developing and offering appropriate training opportunities and technical assistance for local providers of child protective, family based, foster care, adolescent, mental health, developmental disabilities, and chemical dependency services.
3. Assisting local social services and community agencies to develop alternative service strategies and program models.
4. Improving case management services.

The Program provides leadership to:

1. Shape policy.
2. Develop service standards.
3. Build capacity for service delivery.
4. Develop and test pilot projects.
5. Conduct research and evaluation.
6. Assure compliance with standards, rules, and laws.
7. Improve local agency performance in providing services for children and families.

These functions are performed through technical assistance, training, consultation, monitoring, policy and standards development, and cooperation with advocacy and provider groups.

The Program assures compliance with federal mandates, attempts to influence federal policy development, and enhances the capture of federal funds.

The Program works with counties to develop sound policies and standards and to enhance the state/local partnership.

Funding to support services comes through a variety of mechanisms, including Medical Assistance, Children's Health Plan, and Home and Community-Based Waivered Services.

PERFORMANCE:

The Program believes its efforts to achieve permanent living arrangements for children in the homes of their natural parents, their adoptive parents, or permanent foster care have demonstrated success. But more needs to be done since an increasing number of children are removed from their family homes due to child maltreatment, severe emotional disturbance, substance abuse, and family dysfunction.

Some indicators of success are:

1. In 1990, a total of 24,000 children were diverted from placement. This was an increase from 22,500 children in 1988.
2. A total of 5,900 children were returned to their family homes after spending some time in substitute care. Approximately 70% of children placed spent less than 2 years in substitute care.
3. Almost 250 state ward adoptions were finalized.
4. Subsidies to adoptive parents to help pay expenses of special needs adoptions went to 910 children who would otherwise be wards of the Commissioner and in substitute care arrangements at a cost of \$1.6 million.
5. Efforts to reduce the numbers of American Indian children placed in foster care showed an increase in the percent of placements prevented (from 14% in 1988 to 20% in 1990) as well as an increase in compliance with order of placement preference (65% in 1988 to 75% in 1990).
6. In 1990, 1,200 adolescents received services through the Independent Living Skills Programs which help adolescents living in foster care learn the skills they require to live independently and reduce their potential for becoming part of the adult welfare system.

Increasing attention is being focused on the incidence of child maltreatment and the system's response to these cases. The Program works to ensure the development, enactment and enforcement of laws, rules, and policies which enhance the protection of children. The Program assists local agencies to deal effectively with children in reported abuse and neglect situations.

1. All 87 counties have recently received training from state child protective services personnel.
2. Eighty seven county corrective action plans were reviewed and approved.
3. A Risk Assessment Tool for child protective services workers was implemented in all 87 counties.
4. A Child Protective Services Preservice and Probationary Training Curriculum and a 2 year implementation plan were recently developed.
5. Projects designed to provide coordinated social services to families referred by the court who are at risk of child maltreatment due to parental substance abuse are being developed. Programs will include earlier intervention, in-home supervision, and case management services.

The Minnesota Comprehensive Children's Mental Health Act requires counties to provide a broad range of services for children with severe emotional disturbance and their families. The Act

mandates the development of an array of services which are: 1) locally available; 2) provided in the context in which children live and go to school; and 3) designed to meet the unique physical, emotional, social and educational needs of disturbed children.

1. Family community support services are being designed to assist each child with severe emotional disturbance to remain with his or her family in the community. These services include: client outreach, medication monitoring, independent living skills development, parenting skills development, assistance with leisure and recreational activities, crisis assistance, day treatment, assistance with respite care and special needs day care, and assistance in obtaining financial resources and benefits.
2. Case managers assist the child and family in obtaining needed services through coordination with other agencies, assuring continuity of care and assessing the delivery, appropriateness, and effectiveness of services over time.

The Family Subsidy Grants program continues to provide incentive funding to help families keep their developmentally disabled children at home rather than place them into more restrictive Intermediate Care Facility/Mental Retardation (ICF/MR) settings.

1. County human services agencies receive state grants to distribute to families with children who have developmental disabilities. Grants are used to reimburse families for services and items purchased (including child care, respite care, special clothing, equipment, and transportation) up to \$250 per month.
2. In F.Y. 1990 over 450 families from 45 counties received grants which prevented their children from being placed in more restrictive settings. The average annual grant award was \$2,800 per year.

Substance abuse and its impact on family functioning is receiving an increasing amount of attention.

1. Federal funds have been used to establish 3 pilot programs to provide chemical dependency treatment for pregnant women and women with children. Programs are located in Minneapolis and St. Cloud. In addition to chemical dependency services, project funds are used for additional medical and nursing services, child care, special education services, transportation, and subsidized supportive housing.
2. State funds are being used to develop comprehensive maternal and child health and social services programs to improve the health and functioning of children born to substance abusing mothers.
3. The Program received state funds from the 1989 Legislature to establish 2 "cocaine babies" projects aimed at early identification, assessment, and referral of pregnant chemical abusers. Each project has established a Comprehensive Intervention Team composed of Chemical Health, Child Protection, and Public Health Nursing staff to work with each woman throughout the assessment and referral process, during treatment and following the birth of her child.

The Program is currently conducting 2 research projects aimed at increasing knowledge about drug-exposed infants and their future needs. Results will be used to inform educational and medical providers about the specific developmental consequences associated with prenatal exposure of children to cocaine.

4. Several media campaigns directed at preventing Fetal Alcohol Syndrome have been developed by the Program and targeted to various "high risk" audiences. Over 2,000 posters have been distributed to schools, public health agencies, and clinics.
5. The Program also funds an inhalant abuse prevention program and a program to provide

intervention services for young inhalant-abusing children. Special studies of the treatment needs of American Indian, Black and young (under age 14) children will be completed and reported to the 1991 Legislature.

PROSPECTS:

The system of service delivery and program models for children and families is changing in the following areas in order to provide better services to children and families:

1. Timing of interventions.
2. Accessibility of interventions.
3. Location of interventions.
4. Coordination of interventions.
5. Cultural appropriateness of interventions.

Timing of Interventions:

The system of services for families and children is increasing in flexibility in order to concentrate on preventive aspects and earlier interventions. Traditional drug treatment programs, mental health services, out-of-home placements, and medical attention to premature and fragile infants are costly and are often not easily accessed by children and families. Services may be delivered too late to preserve the strength and dignity of the family. According to the latest Drug Trends Report (December 1989), the number of cocaine-involved deaths in Hennepin County more than doubled from 1988 (15) to 1989 (34). Of the deaths in 1989 with cocaine use listed as an "other significant condition," 4 were stillborn births and 4 were young infants, ranging in age from 1 minute to 10 weeks. Shifting attention to effective preventive and earlier intervention strategies is a critical need.

Accessibility of Interventions:

Prevention strategies and earlier interventions are less costly to provide and have the capacity to reach greater numbers of children and families. The targeted populations are increasing due to multiple social, environmental, medical, and economic risk factors. For example, births to Minnesota adolescents have risen from 1,200 in 1988, to over 1,650 in 1990. It is projected that this number will grow to over 1,800 in 1993. Most of these births are complicated by multiple risk factors.

Location of Interventions:

The service system is bringing more services to children and families in their homes rather than removing the "broken" family member and only providing services through outside facilities. In many cases, substantial rehabilitation requires interventions which involve the whole family and utilize its strengths to promote needed changes.

Coordination of Interventions:

Services, whether preventive or rehabilitative, must be coordinated. Because family dysfunction is often due to multiple factors, prevention, intervention, and treatment methods must be varied. Effective coordination of services eliminates unnecessary efforts and reduces costs to families, service providers, and public agencies.

Cultural Appropriateness of Intervention:

Children of color are disproportionately represented in the foster care population. Out-of-home placements for children of color have risen from 2,700 in 1988 to 3,800 in 1990. Cultural sensitivity must be a major focus of departmental activities. Appropriate placement prevention efforts must be designed cooperatively with communities of color and implemented by minority service providers. Because there are not enough foster homes of color, recruitment efforts must be increased.

PROGRAM: Services to Special Needs Children
(Continuation)
Agency: Human Services, Department of

PLAN:

In the coming biennium, the Program will implement a variety of strategies which will help strengthen families so that long-term treatment and/or out-of-home placement of children will decrease. These prevention and early intervention strategies will be accomplished through the following mechanisms: 1) redirection of existing funds; 2) revision of existing legislation; 3) request for additional funds; 4) restructure of state grant programs to eliminate duplicate service efforts; 5) collection and dissemination of more accurate data; and 6) planned evaluation efforts.

The child foster care system is currently under significant strain and available resources are inadequate to address the increasing demand. Given this situation, the program will direct efforts to integrate services in family preservation and substitute care. The program proposes to develop model schemes to enhance coordination and avoid duplication of services and to train local social services agency staff in the implementation of such models.

The department will continue to restructure state grant programs to increase flexibility and incentives to serve children with developmental disabilities in their family home and to eliminate duplicate service efforts.

More timely and accurate information about how children are being served in Minnesota will result from the design and implementation of a new social services information system. (Refer to decision page in Legal and Intergovernmental pages.) This system will permit access to child-specific data that will allow for the development and implementation of planned evaluation efforts of program initiatives and ongoing services to children and their families.

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of the following Decision Item Limit Family Subsidy Program. The program also includes a Governor's initiative. The Governor's recommendations are detailed on the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: SERVICES TO SPECIAL NEEDS CHILDREN

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
STATE MENTAL HEALTH GRANTS - CHILD			300	1,200	1,200	1,200	1,200	4,117	4,117
CD SPECIAL GRANTS - CHILDREN				239	289	289	290	290	290
CHILDRENS SERVICES ADMINISTRATION	2,132	2,570	3,404	3,407	3,657	3,657	3,406	3,656	3,656
CHILDRENS SERVICES GRANTS	24,254	60,534	39,123	38,754	38,934	39,684	38,750	38,930	40,495
FAMILY SUBSIDY	1,039	1,129	1,195	1,195	1,000	1,429	1,195	1,000	1,429
TOTAL EXPENDITURES BY ACTIVITY	27,425	64,233	44,022	44,845	45,080	46,259	44,841	47,993	49,987
DETAIL BY CATEGORY:									
STATE OPERATIONS	3,228	5,406	5,117	5,976	6,306	6,306	5,971	6,301	6,301
LOCAL ASSISTANCE	22,073	55,758	35,648	35,694	35,599	36,778	35,695	38,517	40,511
AID TO INDIVIDUALS	2,124	3,069	3,257	3,175	3,175	3,175	3,175	3,175	3,175
TOTAL EXPENDITURES BY CATEGORY	27,425	64,233	44,022	44,845	45,080	46,259	44,841	47,993	49,987
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	8,307	9,770	12,850	13,234	13,469	14,648	13,229	16,381	18,375
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	115	89	126	126	126	126	126	126	126
FEDERAL	18,992	54,361	31,041	31,480	31,480	31,480	31,481	31,481	31,481
GIFTS AND DEPOSITS	11	13	5	5	5	5	5	5	5
TOTAL FINANCING	27,425	64,233	44,022	44,845	45,080	46,259	44,841	47,993	49,987

ACTIVITY: Children's Services Grants
 PROGRAM: Services to Special Needs Children
 AGENCY: Human Services, Department of

PLAN TITLE: Integrated Services for Children in Placement or
 at Risk of Placement

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Children's Services Grants	\$ 180	\$ 180	\$ 180	\$ 180

GOVERNOR'S RECOMMENDATION:

General Fund				
Children's Services Grants	\$ 180	\$ 180	\$ 180	\$ 180

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$180,000 in F.Y. 1992 and \$180,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will allow the department to integrate a scheme of services in family preservation and substitute care across target populations of child protective services, mental health, chemical dependency, and minor delinquents so as to avoid duplication and enhance coordination. Efforts will be directed to the development of model strategies designed to further integration across disciplines. Strategies to: 1) increase local agency capability to locate relatives to facilitate placement of children; 2) improve and integrate standards for out of home placement; and 3) explore alternatives to institutional care for some severely disturbed children and selected older children who cannot be returned home or placed for adoption will receive special attention. Following this development phase, the department will provide training and technical assistance to local human services agencies. Efforts may result in the development and implementation of new interagency agreements and/or approaches to shared funding of services. An inventory of successful integrative efforts at the local level will be compiled and disseminated statewide.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Children's Services Grants
PROGRAM: Services to Special Needs Children
AGENCY: Human Services, Department of

DECISION ITEM: Expansion of Families First Projects

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund

Children's Services Grants	\$	750	\$	1,250	\$	1,000	\$	1,000
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ITEM SUMMARY:

The Governor proposes an increase of \$750,000 in F.Y. 1992 and \$1,250,000 in F.Y. 1993 to expand Families First Demonstration Projects.

RATIONALE:

This initiative will allow the department to expand demonstration crisis intervention projects-called "Families First," which are designed to keep children at imminent risk of placement in their family homes. Current Families First projects serve 11 counties. This initiative would provide services to families in an additional 12 counties.

Minnesota is experiencing an increasing number of children entering the foster care system due to child maltreatment, substance abuse, and family dysfunction. Since the mid-1980s there has been a 35% increase in the number of children placed outside of the home. In 1990 more than 15,000 children lived in substitute care arrangements.

Families First services help reduce: (1) the number of children inappropriately entering placement as a result of a temporary crisis; (2) the number of children entering emergency shelter care; and (3) the time some children spend in shelter care prior to reunification with their families. Families First services can be provided at an average cost of \$2,420 per family. The average cost for one child in foster care is approximately \$5,000 per year. As Families First services expand and begin to have a significant impact on the number of children entering out-of-home placement, resulting reductions in expenditures for placement can be expected.

With present trends, Minnesota could expect the number of children living in substitute care to increase by approximately 3,000 during the biennium. With the continuation and expansion of Families First projects, it is expected that this growth will be reduced by 50% to a total of 1,500. Projects will be funded on a competitive basis. State funds will account for 75% of total project cost. County social services agencies will be asked to provide a 25% match.

ACTIVITY: Children's Services Grants
PROGRAM: Services to Special Needs Children
AGENCY: Human Services, Department of

1992-93 Biennial Budget

DECISION ITEM: Children's Safety Centers

<u>Dollars in Thousands</u>			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund

Children's Services Grants	\$	-0-	\$	315	\$	315	\$	315
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Requires statutory change: X Yes No

Statutes Affected: CH. 256F

ITEM SUMMARY:

The Governor proposes an increase of \$315,000 in F.Y. 1993 to design and implement two children's safety centers.

RATIONALE:

This initiative seeks to reduce the vulnerability of children to violence and trauma related to family visitation, where there is a documented history of domestic violence or abuse within the family. Each safety center will provide a healthy interactive environment in which parents who are separated or divorced may visit with their children.

The centers will be available for use for visitation upon order of the district courts. They will also be used as "neutral" drop-off sites for parents who are under court order to have no contact. This will facilitate exchange of children for visitation. Each center will have an educational team to provide both parenting/child development training for parents, and regular instruction designed specifically for children who have experienced domestic violence and abuse.

One center will be located in the 7-county metropolitan area and one will be in greater Minnesota. A total of \$115,000 will be used for a statewide administration grant; \$200,000 will be used for establishing and operating the 2 centers. A performance evaluation of the centers and statewide administration will be conducted by the agency and submitted to the legislature with recommendations by 2-1-93.

1992-93 Biennial Budget

ACTIVITY: State MH Grants-Children
PROGRAM: Services to Special Needs Children
AGENCY: Human Services, Department of

PLAN TITLE: Children's Mental Health Services

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
State MH Grants-Children	\$ -0-	\$ 2,917	\$ 2,917	\$ 2,917
MH Program Administration	250	250	250	250
Medical Assistance Grants-Delay				
Home-based Services	(871)	(871)	(871)	(871)
Health Care Administration	200	200	200	200
MA Grants-Equalize County				
Share RTC	(1,046)	(2,246)	(2,395)	(2,305)
TOTAL (Net)	(\$ 1,467)	\$ 250	\$ 101	\$ 191

GOVERNOR'S RECOMMENDATION:

General Fund				
State MH Grants-Children	\$ -0-	\$ 2,917	\$ 2,917	\$ 2,917
MH Program Administration	250	250	250	250
Medical Assistance Grants-Delay				
Home-based Services	(871)	(871)	(871)	(871)
Health Care Administration	200	200	200	200
MA Grants-Equalize County				
Share RTC	(1,046)	(2,246)	(2,395)	(2,305)
Revenue	100	100	100	100
TOTAL (Net)	(\$ 1,467)	\$ 250	\$ 101	\$ 191

Requires statutory change: ☒ Yes ☐ No
Statutes Affected:

ITEM SUMMARY: The agency proposes a net decrease of \$1,467,000 in F.Y. 1992 and an increase of \$250,000 in F.Y. 1993 to its budget base.

RATIONALE: The agency recommends 3 children's mental health proposals which support the Governor's strategy to develop community-based, low cost alternatives to institutional care and to invest in early childhood programs:

1. Children's Integrated Mental Health Fund (State Mental Health Grants): For non-Medical Assistance (MA) eligible children and non-MA eligible services, the agency proposes to combine existing funds for family community support services with new funds requested for case management, professional home-based family treatment, therapeutic support for foster care, and expanded family community support services for children with severe emotional disturbance and their families. This request includes support costs needed to administer these grants and provide related technical assistance to counties and providers.

The Comprehensive Children's Mental Health Act requires counties to provide a broad range of services for children with severe emotional disturbance and their families. Currently, counties

receive very little state or federal funding for services which help keep children with severe emotional disturbance together with their families. This request will provide funding in a flexible, efficient mechanism to enable counties to implement the least restrictive, most community-based portions of the Comprehensive Children's Mental Health Act. This request will fund services for 700 children or about 20% of the total number that need non-MA state funding for these services. Additional requests will be necessary in future years to achieve full implementation of the Comprehensive Children's Mental Health Act.

2. Delay MA Home-based Services: The agency recognizes that delays have already occurred in the implementation of MA professional home-based family treatment of children with severe emotional disturbance. The 1989 Legislature approved new funding to begin this service January 1991. The current MA forecast includes zero state share for F.Y. 1991, \$871,000 for F.Y. 1992 and about \$1,800,000 for F.Y. 1993. Due to inadequate staff in both the Mental Health and Health Care Divisions, it now appears that the earliest possible start for MA payments for this new service would be April 1992. Because a 3 month lag between date of service and date of payment is also expected for the initial invoicing process, deletion of the entire amount budgeted for home-based treatment is possible in F.Y. 1992. The proposed cut also assumes that expenditures in subsequent years will be less than forecast due to the delayed start.
3. Equalize County Share for Children's Residential Treatment: The agency proposes that, effective 12-1-91, counties be required to pay the full non-federal share of MA payments for regional treatment center (RTC) inpatient and for community residential treatment (licensed under Rule 5) for children with severe emotional disturbance.

RTCs now serve about 70 children with severe emotional disturbance. Most of these children are eligible for MA because parents' income and assets are not counted for children who are in out-of-home placement for more than 30 days. For MA-eligible children with severe emotional disturbance, state and federal MA funds pay the full cost for RTC services. Under current law, counties are already required to pay the full cost of RTC services for non-MA eligible children (unless insurance or private funds are available). This contrasts sharply to the general lack of state and federal funding for less restrictive, community-based alternatives. Counties now usually pay 100% of the cost of community residential treatment.

The agency's proposal to increase the county share of children's services in RTCs is combined with a proposal to expand MA to cover children's residential treatment (licensed under Rule 5) in community settings. Counties will be expected to pay approximately 47% (the non-federal share) of the cost of both RTC and community residential treatment. Although implementation of MA for community residential treatment will require significant new administrative expense, it will result in an anticipated net savings to counties of \$1,000,000 in F.Y. 1993, \$4,000,000 in F.Y. 1994 and \$4,600,000 in F.Y. 1995. This will enable counties to redirect current county expenditures towards development of more community-based, low cost alternatives.

Legislation is needed to establish children's residential treatment as a covered service under MA, to require full county liability for the non-federal share for both RTC and community residential treatment and to define the process for county authorization for placement and payment.

Additional legislation may be needed to ensure that county savings (due to increased federal reimbursement) will be reinvested in development of new community-based services required by the Comprehensive Children's Mental Health Act. Additional legislation may also be appropriate relating to admission criteria, maximization of third-party reimbursements, and development of a rate structure.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Family Subsidy Program
PROGRAM: Services to Special Needs Children
AGENCY: Human Services, Department of

PLAN TITLE: Limit Family Subsidy Program

	<u>Dollars in Thousands</u>			
AGENCY PLAN:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

General Fund

Family Subsidy	(\$ 195)	(\$ 195)	(\$ 195)	(\$ 195)
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GOVERNOR'S RECOMMENDATION:

General Fund

Family Subsidy				
Agency Proposal	(\$ 195)	(\$ 195)	(\$ 195)	(\$ 195)
MA Eligibles	(71)	(71)	(71)	(71)
Governor's Proposal	500	500	500	500

Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$195,000 in F.Y. 1992 and \$195,000 in F.Y. 1993.

RATIONALE:

This base allocation will reduce Family Subsidy Program (FSP) expenditures by:

1. Limiting program eligibility to those persons who are not also receiving Home and Community-based Waivered Services for Persons with Mental Retardation or Related Conditions.
2. Limiting program eligibility to families whose adjusted gross incomes are below \$60,000.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a net increase of \$234,000 in F.Y. 1992 and \$234,000 in F.Y. 1993.

The Governor accepts the program reductions proposed by the agency and recommends an additional reduction of \$71,000 in F.Y. 1992 and \$71,000 in F.Y. 1993 by imposing a grant cap of \$200 per month on those FSP recipients who are also eligible to receive Medical Assistance (MA). Current FSP recipients can receive up to \$250 per month.

The Governor also recommends a program increase of \$500,000 in F.Y. 1992 and \$500,000 in F.Y. 1993 to develop additional support services and volunteer networks for families who are caring for their children with mental retardation or related conditions in their homes.

The Governor proposes to increase the access to and availability of respite care services and to develop and coordinate local volunteer support networks. These services will be targeted to families who are receiving no other assistance in maintaining their children at home.

PROGRAM PURPOSE:

The Department of Human Services (DHS), State Operated Residential Care for Special Needs Population Program exists to provide active treatment consistent with modern health care standards and state/federal regulations for persons with mental illness (MI), developmental disabilities (DD), chemical dependency (CD), and elderly persons who have complex medical conditions and challenging behaviors requiring a nursing home (NH) setting. State Operated services complement a variety of program alternatives along the service continuum. The objective is to provide a foundation for successful reintegration into community life. This is accomplished by assisting individuals in the least restrictive setting and for the shortest length of stay possible, to make documented progress toward personal habilitative or rehabilitative goals. The following chart indicates the program services provided by each of the residential facilities administered by the department:

	<u>MI</u>	<u>DD</u>	<u>CD</u>	<u>NH</u>
Ah-Gwah-Ching Nursing Home			X	X
Anoka-Metro Regional Treatment Center	X		X	
Brainerd Regional Human Services Center	X		X	X
Cambridge Regional Human Services Center		X		
Faribault Regional Center		X		
Fergus Falls Regional Treatment Center	X	X	X	
Moose Lake Regional Treatment Center	X	X	X	
Oak Terrace Nursing Home				X
St. Peter Regional Treatment Center	X	X	X	
Security Hospital	X			
Willmar Regional Treatment Center	X	X	X	

Oak Terrace Nursing Home is scheduled to close by June 1991.

PERFORMANCE:

From the time the first state hospital opened at St. Peter with 50 mentally ill patients in December 1867, until 1960, when the population in state hospitals peaked at 16,355, there was constant annual growth in the number of persons residing in state hospitals. With the advent of psychotropic medications and the establishment of community based alternatives to state hospitals, the deinstitutionalization movement over the last 3 decades has reduced population levels in the 8 remaining regional treatment centers to the present (September 1990) average daily population of 2,850. Individuals served by the regional treatment centers tend to be difficult to place in the community because of challenging medical care needs and/or behavioral symptoms. At the same time, changes in federal program standards and state licensure requirements have imposed more stringent criteria on regional treatment centers to demonstrate that active treatment is being provided.

Mental Illness Programs

The department has intensified joint physician recruiting efforts with community mental health centers in order to enhance continuity of care. During the past 2 years, 30 board-certified or board-eligible psychiatrists have been added to the medical staff of the regional treatment centers.

In 1989, all 6 psychiatric hospitals received 3-year accreditation from the Joint Commission on Accreditation of Health Care Organizations (JCAHO).

A field research survey of clients in the regional treatment centers and in community treatment programs yielded valuable clinical information that allows the department to plan both hospital and community services most appropriate to individual client needs.

The department entered into an agreement earlier this year with 2 private community hospitals, which now are providing treatment for people who otherwise would be on regional treatment center waiting lists. Also, through a new project that will relocate 35 to 50 mentally ill clients from the Anoka-Metro Regional Treatment Center into community services designed to meet their individual needs, 13 patients already have been discharged and are participating in a wide range of specially designed alternative services. Funding for these initiatives is part of the Services to Special Needs Adults and Health Care for Families and Individuals programs.

In conjunction with legislation enacted by the 1989 and 1990 Legislatures, working drawings for re-capitalization of the psychiatric facilities at Anoka, Fergus Falls, and Moose Lake Regional Treatment Centers are being submitted to the 1991 Legislature for review and approval.

Developmental Disabilities Programs

In the past few years, the department has developed and operated pilot projects demonstrating that most medically fragile persons and individuals with challenging behaviors can be served in a community setting.

The department, in conjunction with Faribault Regional Center and Cambridge Regional Human Services Center, has established 2 pilot Community Health Clinic projects to provide training, technical assistance, and professional health services.

Chemical Dependency Programs

On 1-1-88, the Consolidated Chemical Dependency Treatment Fund (CCDTF) took effect resulting in chemical dependency programs being operated by the regional treatment centers as enterprises in direct competition with other service providers. The regional treatment centers have experienced a steady decline in the number of primary and extended clients served. They must also rely on attrition and alternative job openings as the primary means to effect cost reductions. After 2½ years of operation under this model, the regional treatment centers have experienced significant losses.

As of 6-30-90, the RTC Chemical Dependency Program Enterprise Fund has incurred a negative fund equity balance of \$2.1 million. Without legislative contingency appropriations and interest earnings of \$3,862,658 for the same period of time, the fund equity would be a negative \$5.94 million. The enterprise fund is financially unable to repay a \$2.8 million advance due and payable to the CCDTF for F.Y. 1990, and the enterprise fund is at risk of being insolvent.

Nursing Home Programs

Legislation enacted by the 1989 Legislature requires that the Oak Terrace Nursing Home be closed no later than 7-1-92. In recognition of the difficulty of maintaining quality care and treatment for patients during a prolonged closure process, the department intends to complete the closure of the Oak Terrace facility a year sooner.

PROSPECTS:**Mental Illness Programs**

The department believes that persons with mental illness can best be served in community settings although there will continue to be a need for regional treatment center services for a segment of this population. This is demonstrated by the fact that the mentally ill population served by the regional treatment centers has remained relatively stable in recent years.

PROGRAM: State Operated Residential Care for Special Needs
Population

1992-93 Biennial Budget

(Continuation)

Agency: Human Services, Department of

The department believes the regional treatment centers will continue to perform a major role in providing psychiatric treatment to persons with major mental illness, and that these services should be closely linked with community-based mental health services. The department believes there is a critical need to re-capitalize psychiatric and ancillary facilities in order to facilitate modern treatment techniques and enhance active treatment.

The introduction of new drugs and costs associated with their use will continue to be significant factors in the contemporary treatment of mental illness. One recent Food and Drug Administration approved new drug is Clozapine, for treating persons with severe schizophrenia who have failed to respond to antipsychotic medications. However, approximately 1% of patients who receive Clozapine are at risk of a dangerous side effect that can destroy white blood cells and break down the body's immune system. Therefore, all patients receiving Clozapine must participate in a special drug management program which includes weekly monitoring and lab tests. The department believes Clozapine could benefit approximately 160-175 mentally ill patients to the point that many of them could be discharged from the regional treatment centers.

Developmental Disabilities Programs

The department believes persons with developmental disabilities can be best served in community settings.

Chemical Dependency Programs

The average daily census for RTC chemical dependency programs has decreased from 430 in the first half of F.Y. 1988 (pre-CCDTF) to 251 for F.Y. 1990. A further decrease of 20-25% is projected for F.Y. 1991 as a result of a legislative directive requiring greater reliance on outpatient rather than inpatient treatment, and restrictions in Medical Assistance reimbursement because of the regional treatment centers status as "Institutions for Mental Disease."

The RTC Chemical Dependency Program Enterprise Fund incurred an operating loss of \$2 million in F.Y. 1990. Assuming a further population reduction of 20-25% in F.Y. 1991, operating losses could approach \$3 million in F.Y. 1991. A \$3 million operating loss would be partially offset by approximately \$600,000, which is available from the F.Y. 1991 contingency appropriation including projected interest earnings, resulting in a \$2.4 million dollar increase to the 6-30-90, negative fund balance of \$2.1 million. As a result, the RTC Chemical Dependency Enterprise Fund would not be able to repay the F.Y. 1991 advance of \$2.6 million to the CCDTF, thereby increasing the total amount due to the CCDTF to \$5.4 million by the end of the current biennium.

Nursing Home Programs

The department will continue to perform a limited role as a direct provider of nursing home care to elderly persons who are medically fragile or clinically challenging, exhibit severe or challenging behaviors, or require treatment for an underlying mental illness in addition to nursing care. A person may be accepted for admission only after pre-admission screening by the county.

PLAN:

The department chose to recommend the combination of alternatives outlined in the decision pages that follow. The well-being of patients and residents was the primary criteria used in selecting alternatives. In addition, the department believes the recommended budget alternatives are necessary to maintain accreditation, certification, and licensure of programs.

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of the following Decision Item - Eliminate Base for DD Services. Details of the Governor's recommendations are on the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: STATE OPERATED RESIDENTIAL CARE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
RTC SYSTEMWIDE	380	1,268	1,174	7,423	12,505	7,109	13,227	<2,865>	<4,928>
RESIDENTIAL FACILITIES MANAGEMENT	1,373	1,305	1,865	1,906	1,906	1,906	1,904	1,904	1,904
ANOKA METRO RTC	18,705	21,421	22,691	24,013	24,013	24,013	23,739	23,739	23,739
BRAINERD RHSC	21,854	24,958	26,344	30,425	30,425	30,425	29,788	29,788	29,788
CAMBRIDGE RHSC	23,109	24,350	26,340	25,331	25,331	25,331	23,338	23,338	23,338
FARIBAULT RC	33,941	38,185	39,856	34,312	34,312	34,312	32,885	32,885	32,885
FERGUS FALLS RTC	21,282	23,326	23,220	23,600	23,600	23,600	22,426	22,426	22,426
MOOSE LAKE RTC	18,776	20,457	21,872	21,325	21,325	21,325	20,665	20,665	20,665
ST PETER RTC	23,332	26,569	27,845	25,863	25,863	25,863	24,384	24,384	24,384
SECURITY HOSPITAL	7,357	8,279	10,088	10,721	10,721	10,721	10,688	10,688	10,688
WILLMAR RTC	24,274	26,584	28,166	29,125	29,125	29,125	28,950	28,950	28,950
ROCHESTER STATE HOSPITAL	74	84	104	100	100	100	100	100	100
DD SOCS			2,139	9,796	<307>	5,588	9,796	<307>	2,375
AH-GWAH-CHING NURSING HOME	11,273	12,282	13,489	13,978	13,978	13,978	13,747	13,747	13,747
OAK TERRACE NURSING HOME	10,474	10,014	9,203	555	555	555	151	151	151
TOTAL EXPENDITURES BY ACTIVITY	216,204	239,082	254,396	258,473	253,452	253,951	255,788	229,593	230,212
DETAIL BY CATEGORY:									
STATE OPERATIONS	216,073	238,959	254,303	258,380	253,359	253,858	255,695	229,500	230,119
LOCAL ASSISTANCE	79	100	70	70	70	70	70	70	70
AID TO INDIVIDUALS	52	23	23	23	23	23	23	23	23
TOTAL EXPENDITURES BY CATEGORY	216,204	239,082	254,396	258,473	253,452	253,951	255,788	229,593	230,212
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	194,914	216,783	231,251	235,424	239,510	240,009	232,746	220,628	221,247
STATUTORY APPROPRIATIONS:									
GENERAL	2,524	3,093	3,735	3,773	3,773	3,773	3,766	3,766	3,766
SPECIAL REVENUE	306	358	474	474	474	474	474	474	474
FEDERAL	157	117	150	150	150	150	150	150	150
AGENCY	4,213	4,270	4,364	4,230	4,230	4,230	4,230	4,230	4,230

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: STATE OPERATED RESIDENTIAL CARE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
GIFTS AND DEPOSITS	144	186	177	177	177	177	177	177	177
ENDOWMENT		22							
ENTERPRISE	13,946	14,253	14,245	14,245	5,138	5,138	14,245	168	168
TOTAL FINANCING	216,204	239,082	254,396	258,473	253,452	253,951	255,788	229,593	230,212

1992-93 Biennial Budget

ACTIVITY: Regional Treatment Center Chemical Dependency Programs
PROGRAM: State Operated Residential Care for Special Needs Populations
AGENCY: Human Services, Department of

PLAN TITLE: Closure of 7 Statewide Chemical Dependency Program

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
CD Operating Loss	\$ 2,470	-0-	-0-	-0-
RTC Layoff	2,499	-0-	-0-	-0-
General Support	800	1,601	1,601	1,601
MA Grants				
Collections	(448)	(846)	(828)	(819)
Claims	190	391	414	381

GOVERNOR'S RECOMMENDATION:

General Fund				
CD Operating Loss	\$ 2,470	-0-	-0-	-0-
RTC Layoff	2,499	-0-	-0-	-0-
General Support	800	1,601	1,601	1,601
MA Grants				
Collections	(448)	(846)	(828)	(819)
Claims	190	391	414	381

Requires statutory change: ☒ Yes ☐ No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$5,511,000 in F.Y. 1992 and \$1,146,000 in F.Y. 1993 in its budget base to close the 7 regional treatment center (RTC) chemical dependency treatment programs in F.Y. 1992.

RATIONALE:

The programs have experienced a significant decrease in average daily inpatient census in the past 3 years, from 289 in F.Y. 1989 to 254 in F.Y. 1990, to 220 for the first half of F.Y. 1991. Management has not been able to effectively control staffing costs (85% of all costs) and is faced with a further decrease in census because of changes in the Consolidated Chemical Dependency Treatment Fund (CCDTF) assessment, placement, and eligibility criteria.

As of 6-30-90, the programs had incurred a negative equity balance of \$2.1 million. Operating losses of \$2.96 million are projected for both F.Y. 1992 and F.Y. 1993. The programs are also unable to repay a \$2.8 million advance from the CCDTF for F.Y. 1990 and ability to repay a \$2.6 million advance for F.Y. 1991 is unlikely.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: Regional Treatment Center Chemical Dependency Programs
PROGRAM: State Operated Residential Care for Special Needs Populations
AGENCY: Human Services, Department of

DECISION ITEM: Mental Illness/Chemical Dependency Treatment Program

standing physical facility, and a program capable of meeting dual licensure standards. Bed capacity for this type of program in the community is limited. Determination of a site for this program will be made following a review of agency-wide capabilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

<u>AGENCY PLAN:</u>	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund	\$ 587	\$ 587	\$ 587	\$ 587
MA Collections	(243)	(243)	(243)	(243)
MA Grants	103	112	122	113

GOVERNOR'S RECOMMENDATION:

General Fund	\$ 587	\$ 587	\$ 587	\$ 587
MA Collections	(243)	(243)	(243)	(243)
MA Grants	103	112	122	113

Requires statutory change: ____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$447,000 in F.Y. 1992 and \$456,000 in F.Y. 1993 in its budget base to operate a statewide 20-25 bed specialized treatment program for persons experiencing both mental illness (MI) and chemical dependency (CD).

RATIONALE:

CD program admission records for F.Y. 1990 indicate that at least 164 of approximately 2,600 clients (6%) were diagnosed as both CD and MI. For the same period, available data suggests that as many as 122 persons were court committed as both CD and MI. An additional 83 F.Y. 1990 CD clients were considered MI "committable" based on behaviors observed by CD program staff.

From a mental health perspective, national surveys indicate that anywhere from 50 to 80% of MI clients experience some degree of alcohol and/or drug abuse. In Minnesota, a survey done in 1990 based on calendar 1989 showed that of the 915 RTC clients under age 65 who were diagnosed as mentally ill, 19% or 174 were also chemically dependent. The predominant psychiatric diagnoses for the RTC clients experiencing both MI and CD were schizophrenia, affective psychosis, personality disorder and anxiety disorder. It is also important to note, depending on diagnosis, that the level of aggressive behavior can be significant, sometimes requiring restraint and/or placement in a locked unit.

There is consensus among mental health and CD professionals that treatment programs for persons dually diagnosed as MI and CD must be fully integrated. This requires a cross trained, multi-disciplinary team that has special diagnostic expertise, the availability of a separate unit or free

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GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: RTC Systemwide
PROGRAM: State Operated Residential Care for Special Needs Population
AGENCY: Human Services, Department of

PLAN TITLE: Clozapine

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
RTC Systemwide				
Clozapine	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560
Other Medications Savings	(182)	(182)	(182)	(182)
MA Grants				
Collections	(551)	(551)	(551)	(551)
Claims	234	255	276	256

GOVERNOR'S RECOMMENDATION:

General Fund				
RTC Systemwide				
Clozapine	\$ 1,560	\$ 1,560	\$ 1,560	\$ 1,560
Other Medications Savings	(182)	(182)	(182)	(182)
MA Grants				
Collections	(551)	(551)	(551)	(551)
Claims	234	255	276	256

Requires statutory change: ____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$1,061,000 in F.Y. 1992 and \$1,082,000 in F.Y. 1993 to the budget base.

RATIONALE:

These base reallocations will allow the department to provide regional treatment center psychiatric patients access to a new atypical antipsychotic medication which became available in February 1990. This new drug has demonstrated effectiveness in approximately 30% of patients with the most treatment resistant manifestations of schizophrenia. Although tardive dyskinesia and extrapyramidal side effects frequently associated with neuroleptic medications are absent with clozapine, it does have potentially life threatening side effects. For this reason the drug is available only through Sandoz Pharmaceutical Corporation's special patient management system. This management system provides the drug and monitors the patient's blood counts weekly. Clozapine costs for Medical Assistance and General Assistance Medical Care (GAMC) recipients, who are not patients in regional treatment centers, is included in the department's MA and GAMC forecast. The cost of this drug is \$172 per week, or \$8,944 per year per patient. The number of patients in the regional treatment centers and state nursing homes meeting criteria to use the drug is estimated to be 160-175 per year.

ACT: Y: Regional Treatment Centers Statewide
 PRO: E: State Operated Residential Care for Special Needs Population
 AG: Y: Human Services, Department of

PLAN TITLE: Regional Treatment Center Salary Supplement

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
RTC Salary Supplement				
RTC Salaries	\$ 1,682	\$ 2,662	\$ 2,085	\$ 3,122
MA Grants (RTC)				
Collections	(1,048)	(1,607)	(1,255)	(1,866)
Claims	444	743	628	868
OTNH Closure				
OTNH Salary Savings	(7,600)	(7,600)	(7,600)	(7,600)
RTC Salary Supplement	7,600	7,600	7,600	7,600
MA Grants (NHs)				
Collections	(1,583)	(653)	(513)	(382)
Claims	671	302	257	178

GOVERNOR'S RECOMMENDATION:

General Fund

RTC Salary Supplement				
RTC Salaries	\$ 1,682	\$ 2,662	\$ 2,085	\$ 3,122
MA Grants (RTC)				
Collections	(1,048)	(1,607)	(1,255)	(1,866)
Claims	444	743	628	868
OTNH Closure				
OTNH Salary Savings	(7,600)	(7,600)	(7,600)	(7,600)
RTC Salary Supplement	7,600	7,600	7,600	7,600
MA Grants (NHs)				
Collections	(1,583)	(653)	(513)	(382)
Claims	671	302	257	178

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$166,000 in F.Y. 1992 and \$1,447,000 in F.Y. 1993 in its budget base to cover the cost of the salary supplement for the regional treatment centers (RTC).

RATIONALE:

In addition to the funds requested, the department proposes to defer the development of nursing home beds until the 1994-95 biennium, thereby allowing salary savings resulting from the closure of the Oak Terrace Nursing Home to be applied against the cost of the salary supplement. The balance of the salary supplement, based on estimated bargaining unit settlements of 4.5%, will be covered by management intervention actions the department proposes to implement.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: RTC Developmental Disabilities Programs
PROGRAM: State Operated Residential Care for Special Needs Population
AGENCY: Human Services, Department of

PLAN TITLE: Funding of RTC Program Staff

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
RTC Salary Savings	(\$ 8,154)	(\$ 18,293)	(\$ 21,727)	(\$ 23,552)
MA Grants				
Collections	8,154	18,295	21,725	23,554
Claims	(3,456)	(8,462)	(10,865)	(10,962)
Lay-off Costs	4,680	1,803	997	376
MA Grants				
Collections	(4,680)	(1,803)	(996)	(363)
Claims	1,984	834	498	169

GOVERNOR'S RECOMMENDATION:

General Fund				
RTC Salary Savings	(\$ 8,154)	(\$ 18,293)	(\$ 21,727)	(\$23,552)
MA Grants				
Collections	8,154	18,295	21,725	23,554
Claims	(3,456)	(8,462)	(10,865)	(10,962)
Lay-off Costs	4,680	1,803	997	376
MA Grants				
Collections	(4,680)	(1,803)	(996)	(363)
Claims	1,984	834	498	169

Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$1,472,000 in F.Y. 1992 and \$7,626,000 in F.Y. 1993 to its budget base.

RATIONALE:

The regional treatment center (RTC) developmentally disabilities (DD) programs continue to decline in population. The reduction in population will allow for a reduction in staff in the RTC DD programs. This reduction in staff will allow direct care staffing levels in RTC programs for persons with DD to be set at a ratio of 1.35 staff to 1 resident.

1992-93 Biennial Budget

ACTIVITY: DD SOCS
PROGRAM: State Operated Residential Care for Special Needs Population
AGENCY: Human Services, Department of

PLAN TITLE: Eliminate Base for DD SOCS

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
RTC Salaries	\$ 7,913	\$ 7,913	\$ 7,913	\$ 7,913
SOCS Salaries	(7,913)	(7,913)	(7,913)	(7,913)
RTC Operating	334	334	334	334
SOCS Operating	(1,883)	(1,883)	(1,883)	(1,883)
SOCS Training	(307)	(307)	(307)	(307)
MA Grants (RTCs)				
Collections	(9,161)	(9,240)	(9,290)	(9,316)
Claims	3,883	4,274	4,646	4,336
MA Grants (SOCS)				
Collections	10,288	10,288	10,288	10,288
Claims	(4,361)	(4,759)	(5,145)	(4,788)
Net	(1,207)	(1,293)	(1,357)	(1,336)

GOVERNOR'S RECOMMENDATION:

General Fund				
RTC Salaries	\$ 6,148	\$ 5,943	\$ 5,943	\$ 5,943
	2,750			
SOCS Salaries	(6,148)	(5,943)	(5,943)	(5,943)
	(2,750)			
RTC Operating	254	241	241	241
	101			
SOCS Operating	(1,281)	(1,314)	(1,314)	(1,314)
	(1,201)	(1,221)	(1,221)	(1,221)
SOCS Training	(257)	(257)	(307)	(307)
MA Grants (RTCs)				
RTC Collections	(7,196)	(6,874)	(6,955)	(6,971)
	(2,978)	(6,780)	(6,793)	(6,802)
MA Grants	3,050	3,180	3,478	3,244
	1,262	3,136	3,397	3,166
MA Grants (SOCS)				
SOCS Collections	8,370	7,855	7,855	7,855
	3,381			
MA Share	(3,548)	(3,634)	(3,928)	(3,656)
	(1,433)			
Net	(608)	(803)	(930)	(908)
Effect of Net Change on Decision				
Page 3 (SEE PAGE 211)	(402)	214	240	212

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a base level adjustment of \$1,207,000 in F.Y. 1992 and \$1,293,000 in F.Y. 1993 as a result of not opening state operated community based ICF/MR and day activity programs.

RATIONALE:

The reduction of base level allocations is being taken as result of the decision to not open state operated community service (SOCS) for the developmentally disabled. The 18 ICF/MR and five day programs have been placed on hold resulting in the savings of non-salary, operating expense for these services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends opening 5 state-operated group homes and 1 day program. The opening of these services will be phased in during the first 6 months of F.Y. 1992 and reduces the base reduction of the Department of Human Services to ~~\$1,411,000~~ \$1,780,000 for the biennium. Opening these services will also affect decision ~~page 3~~ page 211 reducing costs to the Department by \$402,000 in F.Y. 1992 and increasing costs by \$214,000 in F.Y. 1993. This represents a net reduction of costs by \$188,000 for the biennium. The new figures on this page are a result of a new forecast of costs issued 3-28-91, which is based upon current law, including Laws of Minnesota (1991) Chapter 2.

PROGRAM: Health Care for Families and Individuals
Agency: Human Services, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Department of Human Services' (DHS) Health Care for Families and Individuals Program, exists to ensure that low income persons have access to quality medical care for both acute and chronic health-related conditions as well as for preventive and primary care services. This program manages major health care programs for the department. It is an aggregation of the following management activities: Health Care Management, Audits, Provider Appeals, Long-Term Care (LTC) Management, General Assistance Medical Care (GAMC) Grants, Medical Assistance (MA) Grants, Health Care Collections, Medical Assistance (MA) Demonstration Project, Health Care Support and Children's Health Plan (CHP). This program also administers the Preadmission Screening/Alternative Grants (PAS/ACG) Program in the Services to the Elderly Program.

Through their activities, these programs ensure that payments are properly made to enrolled providers of medical and health care services for services provided on behalf of eligible persons of the state. These programs also develop coverage policy for all services and rate setting policy for the MA and GAMC programs and the CHP; for program integrity and efficient claims administration; for developing and managing cost effective LTC service systems and alternatives for persons requiring those services; and for interagency agreements with the Minnesota Department of Health (MDH) for survey, inspection of care, and case mix audits for nursing homes and Intermediate Care Facilities for the Mentally Retarded (ICFs/MR), and review of prepayment contracts.

Health Care Programs staff also provide program supervision to local agencies for implementation of these programs in the form of rules and instructions which are designed to maximize federal funding while ensuring that the needs of low income persons are met. In addition, state agency staff make payments to providers of medical and health services; conduct post-payment audits to detect abuse and/or fraud by recipients and providers of the MA and GAMC programs and the CHP and secure recovery of expenditures where other third parties are liable. State agency staff determine client eligibility for the CHP; however, local agency staff determine individual eligibility for the MA, GAMC, and Home and Community-based Waiver Programs.

The major goal of this program is to provide appropriate medical benefits to all eligible persons in an effective and efficient manner.

To achieve its goal, this program:

1. Administers the MA, GAMC, Early and Periodic Screening, Diagnosis and Treatment (EPSDT), CHP, Traumatic Brain Injury Program, Home and Community Waivered Service Programs, including services for persons who are disabled, or chronically ill, the PAS/ACG Program, and the HIV Insurance Plan, AZT Drug Reimbursement Program, and the HIV Home Care Grant Program.
2. Develops and maintains prevention oriented programs to support the delivery of effective prenatal care services.
3. Initiates the development and funding of programs that increase access to necessary health services for families and children that will improve birth outcomes and children's health and development.
4. Initiates the development and funding of cost-effective health services to enable persons to remain in the community as an alternative to institutional care.
5. Establishes and administers rules and procedures which provide local agencies with the ability to determine eligibility for health care programs in accordance with state and federal law.
6. Ensures that program expenditures are made according to state and federal requirements and securing recovery of expenditures where fraud, abuse, or misuse is established.
7. Ensures that medical care and services provided are medically necessary and are delivered in an appropriate, timely, and cost-effective manner.

8. Maximizes the use of third-party payments and the availability of federal funds through benefit recovery activities to minimize expenditure of state funds.
9. Establishes and administers policies and rules for payment of institutional care in hospitals, nursing homes, intermediate care facilities for the mentally retarded (ICFs/MR), and day training and habilitation (DTH).
10. Manages an effective system of auditing LTC facilities, grantees, and state contractors while resolving provider appeals filed by LTC facilities and acute care hospitals.
11. Develops, reviews, and analyzes methods of reimbursing institutional and alternative LTC services.
12. Seeks and implements federal grants for HIV infected persons.
13. Administers the MDH contract for federally mandated surveys of LTC facilities.
14. Manages the technical design of all rate setting systems for payment necessary to operate the Medicaid Management Information System (MMIS).
15. Manages the process that identifies necessary modifications to the MMIS and that updates the MMIS and long-term care payment system to enhance program efficiency and comply with new regulations, laws, rules, and policy changes.
16. Operates a coordinated care initiative that includes cost containment prepayment reimbursement systems for the MA and GAMC programs, while exploring and initiating alternative health care delivery and funding strategies to maximize efficient use of tax dollars.
17. Operates a centralized medical claims processing and reimbursement system for MA, GAMC, and CHP, as well as the LTC payment system to ensure timely payment of claims.
18. Enters into arrangements with organizations and entities to insure quality, cost-effective services, maximize third-party reimbursements, and other activities to insure the economical and efficient operation of the MA/GAMC programs.
19. Establishes and implements an effective provider training activity to offer instruction on claim submission and program requirements.

PERFORMANCE:

Efficiencies in Program Administration

The following statistics show the numbers of eligible persons receiving services in these programs.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Medical Assistance (average monthly eligible persons)	304,100	346,400	377,100	391,600
General Assistance Medical Care (GAMC) (average monthly eligible persons)	51,500	59,100	67,340	69,300
Children's Health Program (average number of monthly enrollees)	10,500	15,600	24,600	31,900

Claims Processing Activities

This program has responsibility for operating and maintaining 2 claims payment systems to provide reimbursement for over 17,000 health care providers and 800 nursing homes/ICF-MRs. The MMIS system utilizes an edit structure of more than 900 possible edits to ensure integrity of the payments. Approximately 13 million claims are processed per year with 45 medical claims technicians and data entry operators, as compared to Minnesota's largest capitated health plan which utilizes 150 staff to process 4.5 million claims. Efficiency is gained from use of an optical character reader, capable of scanning 1,600 claims per hour. These systems are federally certified and receive 75% federal match. The following statistics are illustrative of the volume for this particular function.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of Claims Received in MMIS	12,300,000	12,700,000	12,200,000	12,600,000
MMIS Claims Paid within 30 Days	90%	90%	90%	90%
Number of Claims Received in LTC	490,000	500,000	510,000	520,000
LTC Claims Paid within 30 Days	96%	97%	97%	97%

Program Integrity

This program uses a third party liability recovery process and is responsible for insuring that all other potential sources of federal and private funding have been accessed prior to payment being made under any of these programs. In addition, the Surveillance and Utilization Review Section is responsible for insuring that all health services are provided in an appropriate and cost-effective manner, and that all applicable requirements and regulations are adhered to. Contracts with a medical review agent to screen all inpatient hospital admissions for necessity and appropriateness and to conduct retrospective reviews insure that appropriate services are provided. The department also operates a Prior Authorization System to review the need for and appropriateness of selected medical services.

All of these activities enable the department to insure the integrity of MA, GAMC, and the CHP, and to maximize the effective and appropriate use of funds devoted to these programs.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Third Party Collections (excluding Medicare)	\$13,337,000	\$14,200,000	\$15,052,000	\$16,000,000
Third Party Cost Avoidance (excluding Medicare)	14,339,000	15,100,000	16,000,000	16,500,000
Fraud & Abuse Recoveries	3,395,000	2,800,000	3,000,000	3,200,000
Full Scale Provider Investigations	665	750	800	850

HIV Insurance Program

This program is responsible for administering a HIV (Human Immunodeficiency Virus) Insurance Program, and 2 federal grants; 1 for HIV related drugs, and 1 for HIV related home care services. These are specifically for HIV infected persons who are not eligible for MA or GAMC. It is anticipated that the availability of these funds will delay or prevent clients from becoming eligible for MA or GAMC. It is anticipated additional federal grant funds will become available and that proposals will be submitted requesting such funds when they would appear to benefit clients and the state.

Developing Low Cost Alternatives to Institutional Care

A major responsibility of this program is the development of cost containment plans for persons who are at risk of institutional placement. Many persons can be provided care in their own home or in the community for a lower cost than comparable institutional care. In response to this issue, the program has requested and obtained a number of waivers of federal MA regulations that allow it to fulfill this objective. These waivers are known as Home and Community-Based Waivers. There are presently waivers in effect to serve people with developmental disabilities, children and adults with chronic illnesses, frail elderly people, and disabled adults.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Average number of MA residents in nursing homes	27,600	29,200	30,400	30,900
Number of nursing home applicants diverted to ACG Program	7,072	7,000	7,000	7,000

The Traumatic Brain Injury (TBI) Program has provided case management services for 123 persons from its start-up date of 4-16-90 through 8-31-90. The program averages 2 referrals per day. During its first 4 months of operation, 57% of clients were diverted from institutional placement to lower cost alternatives.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of disabled or chronically ill individuals receiving home and community-based services under waiver	200	400	600	800
Average number of persons with mental retardation or a related condition receiving home and community-based services under waiver	2,068	2,408	2,841	3,240

In addition, this program establishes policy for the delivery of home care services under the MA program. Recipients who are in need of home care services but who either do not need the intensity and scope of services available under the Waiver Programs or are not eligible for one of the waiver programs may be eligible to receive home care services if these services are cost-effective and appropriate. The following statistics indicate the number of persons receiving such services.

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of persons receiving MA home care	8,200	10,800	13,000	15,000
Number of children enrolled under Children's Home Care Option (TEFRA)	2,000	2,400	2,600	2,800

Utilizing Coordinated Health Care to Manage Costs

This program has been actively involved in seeking alternative approaches to the delivery of health care. Paramount in the development and implementation for such alternative approaches to health care has been ensuring that health care is provided in a coordinated, cost effective, and appropriate manner. The development of these alternative approaches improves recipients' access to health care services, and enhances both patient and provider satisfaction. In order to maximize flexibility in developing alternative approaches, the program has obtained a federal waiver of MA regulations that permits it to contract with Health Maintenance Organizations (HMOs) and other prepaid health plans to provide services to MA recipients.

**PROGRAM: Health Care for Families and Individuals
(Continuation)**

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Agency: Human Services, Department of

To date, the department has contracted for the provision of services to MA recipients in Itasca, Dakota, and Hennepin Counties, and it is anticipated that by 7-1-91, when the phase-in of AFDC clients in Hennepin County is complete, approximately 23% of the total statewide MA population will be receiving their care through such arrangements.

Since the total costs for administration and reimbursement for health services to the prepaid health plans is 90% to 95% of what would have been paid had the client been receiving services through the fee-for-service delivery system, there is an automatic savings built in to the use of prepaid plans. It is estimated that the use of prepaid health plans resulted in MA program savings of \$5.7 million in 1987 and \$6.5 million in 1988. In addition, studies examining the differences in health outcomes between the MA fee-for-service population and the prepaid health populations determined that there were no statistically significant differences in health outcomes or in client satisfaction.

Presently, almost all GAMC recipients in Ramsey, Lake, and Itasca Counties are required to receive their health services through a prepaid health plan. Beginning 7-1-90, Hennepin County began to phase-in the requirement that its GAMC-eligible recipients receive their health services through a prepaid health plan. When this phase-in process is completed, approximately 40% of the total statewide GAMC population will be in prepaid health plans.

The department has also expanded its Primary Care Utilization Program (PCUP) (formerly known as the Recipient Restriction Program). The PCUP contracts with primary care physicians to provide case management services to MA and GAMC recipients who are not part of a prepaid health plan and who have been determined to be inappropriately utilizing health care services. These physician contractors control the recipients' access to health care services to insure that their use of such services is necessary and appropriate.

Health Care Coverage for the Underinsured or Uninsured

The department has played an integral role in helping to address the issue of universal health coverage for the residents of Minnesota. The department is represented by the Commissioner on the Health Care Access Commission.

Since 1987, changes in MA eligibility for children and pregnant women have decreased the number of uninsured Minnesotans. Program policy staff have accomplished this through the expanded use of eligibility criteria options provided by Federal MA Program Regulations covering certain pregnant women and children. Thus, many children formerly eligible under the state funded CHP were able to become eligible for MA with 53% Federal Financial Participation. Minnesota also has a relatively low number of uninsured persons compared to most other states. This is a direct result of the breadth of the state's MA program and the existence of the GAMC program and the CHP.

The CHP provides primary health care coverage for children whose family income is 185% or less of the Federal Poverty Level. The program is expanding to cover children through age 17. The CHP is administered totally at the state level. The program receives over 125 telephone inquiries per day and between 200 and 300 applications per week. Forty percent (40%) of these applications are re-enrollments. Marketing and outreach efforts continue so that as many eligible children as possible can be afforded coverage. A pilot project with Services for Children with Handicaps (SCH) has also been instituted to attempt to provide a more comprehensive and coordinated service delivery system. It is believed that this will result in more cost effective and coordinated service delivery.

Access to MA/GAMC Health Services

There is a serious issue of recipients being able to access health care services, especially for those recipients who do not have a regular health care provider. These recipients are most often pregnant women and young

families. The cause of this accessibility problem is due to MA and GAMC providers' unwillingness to accept deep discounts in their reimbursement. Although this access issue only impacts the fee-for service recipients, this still affects approximately 77% of all MA recipients and 60% of all GAMC recipients. The problem seems to be most prominent in the areas of obstetrical, pediatric, and dental services, although the federal requirement of providing adequate reimbursement to insure necessary access to health services applies to all other services as well.

Recognizing that access is a widespread problem among MA programs, particularly as it relates to services for children and obstetrical services, the federal government mandated that all MA programs must reimburse pediatric and obstetrical services adequately to insure sufficient participation by providers. Thus, the department proposed and received an increase in obstetrical, and pediatric rates in response to this federal mandate. In addition, an increase to select dental procedures was authorized. The federal government has rejected the State Plan Amendment submitted in support of the state's compliance with the federal mandate for higher obstetric and pediatric services reimbursement.

Since this federal mandate is being imposed on the MA program, the department must be able to assure the federal government that its reimbursement rates are adequate to meet the federal guidelines. Program staff are constantly evaluating and analyzing the issue of accessibility in light of federal guidelines.

PROSPECTS:

The following issues and trends affect the operations of this program.

1. Efficiency in Program Administration:

The program intends to undertake a variety of activities directed towards increasing program efficiency, such as:

- a. Strengthen program administration to improve federal compliance, increase access to services, and maximize federal dollars.
- b. Continue development of an enhanced MA/GAMC reimbursement system that is flexible and will contribute to the efficient and economical operation of the MA program, and will enable the processing of claims for other state health care programs.
- c. Increase SURS activities to recover monies inappropriately billed and paid by the MA program, and to evaluate the medical necessity of services provided.
- d. Increase use of electronic claim submission, to reduce costly manual processing and to speed up payments to providers.
- e. Train dentists, physician, LTC facilities, outpatient hospitals and other providers on proper claims submission to reduce billing errors, delayed payments, and to increase provider participation.
- f. Improve consistency and integrity of provider fee-for-service reimbursement rates.
- g. Increase third-party recovery programs to maximize payments from other liable payers, thereby reducing expenditure of state funds.

2. Developing Low-Cost Alternatives to Institutional Care

The program intends to undertake a variety of activities designed to develop cost-effective alternatives to institutional care. These activities include:

Agency: Human Services, Department of

- a. Development of a LTC strategy emphasizing increased access to cost-effective community-oriented care. Components include: development of low-cost alternative service settings such as adult foster care, adult family day care and assisted living, public information about alternatives, expanded caregiver support, and encouragement for the private pay market to use low-cost alternative services, and avoid spend-down to MA eligibility.

- b. Development of a LTC database to aid in planning, program evaluation, and expenditures forecasting.

3. Utilizing Coordinated Health Care to Manage Costs

The program will continue to develop alternatives to the present fee-for-service health care delivery system. These alternatives will include:

- a. Continuing the development of an effective and efficient prior authorization (PA) process, including a phone-in system for MA and GAMC providers. The department already has started a phone-in PA system for selected services including hearing aids, eyeglass replacements, powered air flotation beds, certain medications, and certain non-emergency ambulance trips. PA staff currently process 1,000 paper PA requests each week. As other criteria are developed, many more services requiring PA will be added to the phone-in system. This will mean less paper work for both the department and providers, and will also increase the efficiency and cost effectiveness of the PA process.

- b. Developing an "expert system." "Expert systems" are artificial intelligence software programs. These software programs quantify the decision-making and logic processes of staff. Their application will be used in making some decisions regarding PA services. The benefit of using this kind of technology is its cost-effectiveness as opposed to employing health care consultants to make PA decisions. Expert system decisions are more consistent, and providers will have assurance that the process is more fair and objective.

- c. Expanding volume purchasing activities.

- d. Continuing the expansion of prepaid health plans for MA and GAMC recipients. Hennepin County is in the process of phasing in 100% of its GAMC population and 100% of its AFDC population to prepaid health plans. Phase-in of the remaining 65% of the aged population will begin 1-1-91. Plans are underway to establish mandatory coordinated care programs for GAMC recipients in other counties. Negotiations regarding a program in St. Louis County should commence in the Spring of 1991. The department also has been granted authority by the federal government to proceed with other prepaid health plan projects for the MA population as long as such projects can be demonstrated to be no more costly than what MA would pay for health care under the fee-for-service system. The department anticipates expanding the prepaid health plan concept to other counties.

- e. Developing a Health Care Access Line. In November 1990, the department began implementation of an after-hours telephone service for the MA recipients of Ramsey County. This Health Care Access Line will provide information, triage, and referral services. It is expected that the availability of this service will reduce the unnecessary use of emergency room services, improve coordination of care, and result in a better educated MA recipient/consumer of health services. A recipient handbook was issued in November 1990 and an MA orientation videotape will be developed to provide MA recipients with more comprehensive information regarding health services so that services are more appropriately used.

- f. Developing an MA/Medicare Demonstration project for the institutionalized elderly. The department is in the process of facilitating the formation of a pool of MA providers composed of physicians,

nurses, and hospitals, whose purpose would be to provide the continuum of health services to institutionalized elderly persons. The funds of both the MA and Medicare Programs would be combined to improve the quality, appropriateness, and coordination of care, maximize the functional ability and quality of life of the patient, and to achieve all of these goals in the most cost effective and appropriate manner. In order to accomplish this proposed pooling of funds, a waiver from the federal government is required. Department staff are in the process of negotiating the viability of such a waiver. The tentative implementation date for this project is October 1991.

- g. Increasing the scope and number of recipients reviewed under the Primary Care Utilization Review Program. This program identifies and monitors the utilization patterns of recipients suspected of inappropriate utilization of services. Those clients who are determined to be inappropriately using the MA and GAMC Programs are assigned a primary care case manager who is a physician. In return for a monthly payment from the department, this physician acts as a "gate keeper" to insure that the recipient accesses only necessary services.

- h. Addressing the impact of underutilization on recipients' health status. If a recipient fails to access medical services when appropriate and necessary, or fails to receive all necessary services, more costly and extensive services may be required to address this recipients' health status. The department will concentrate on the promotion of preventive care measures as well as develop and implement a program whose primary focus will be to remedy documented underutilization identified in certain target areas (e.g., childhood immunizations).

- i. Entering into rebate agreements with pharmaceutical companies. OBRA '90 requires state MA programs to enter into agreements with pharmaceutical companies that will ensure that the MA Program receives that manufacturer's lowest price. The department will pursue such contracts.

4. Health Care Coverage for the Working Poor Who are Underinsured or Uninsured

The department has been actively involved in participating in the activities of the Health Care Access Commission. This forum has provided the department with further opportunity to learn about the problems of the uninsured and to provide information about what the MA Program has learned in its experience as a major payer of health care services for a low income population. In addition, the department administers the CHP which is designed to serve children whose income is at or below 185% of poverty. The department also administers several programs for persons with HIV infection who have no insurance and are not eligible for MA or GAMC. The department intends to continue its work around this issue by:

- a. Implementing the expansion of the Children's Health Plan to children through age 17.

- b. Maximizing federal financial participation. These activities will include applying for appropriate grants and federal aid that will allow clients without insurance to access various health services. In addition, the department will attempt to maximize federal financial participation for those clients in other solely state-funded programs who would be eligible under a program providing federal financial participation.

- c. Continuing participation of the Health Care Access Commission and assisting the Commission in developing strategies to lessen the number of uninsured and underinsured Minnesotans.

5. Access to Health Care for MA/GAMC Clients and Other Federal Issues

The department is aware of the increasing problem of assuring access to health care providers for MA and GAMC recipients. This issue also has caught the attention of the federal government, and as a result mandates have been issued that impact the level of reimbursements in the obstetrics and pediatrics areas. When these mandates were first announced last year, the department proposed an increase in the rates paid to providers of obstetrical and pediatric services. The federal government has not concurred that Minnesota's rates in these 2 areas meet the federal requirements.

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(Continuation)

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In addition, it is a federal requirement that MA programs provide adequate rates to insure that there are sufficient providers of services for MA recipients. Based on this criterion, there are additional services within the physician and dental areas where sufficient access is becoming an issue in Minnesota.

There are also several recent court cases that require that, at least with respect to hospitals and nursing homes, the MA Program provide sufficient reimbursement so that an efficient and economically-operated facility has adequate reimbursement. The department intends to address the following related issues:

- a. Develop incentives to encourage provider participation, thereby increasing recipient's access to services.
- b. Continue emphasis on improving access to primary and preventive health care services for pregnant women and children.
- c. Restructure ICF/MR and Day Habilitation and Training Center rate setting to target client needs.
- d. Comply with federal legislative changes and maximize federal financial participation.
- e. Design and implement a new property system for nursing homes.
- f. Ensure continued compliance with OBRA '87 directives, including increases in nurse aide training and facility requirements, and changes in assessments and screening provisions.
- g. Develop alternate health care delivery systems that respond to issues of access and reimbursement.

PLAN:

Adjustment of current law base level funding for entitlement programs are presented on the forecast pages following this program. The department proposes the following reallocation of funds to this base level:

The following decision pages include the agency proposals and the governor's recommendations. They reflect adjustment of current law base level funding for this program.

Forecast pages follow the decision pages of this program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, with the exception of the following decision items: Change the Medical Assistance Income Standard; Eliminate Current GAMC Program and Replace. Details of the Governor's recommendations are on the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HUMAN SERVICES, DPT
PROGRAM: HEALTH CARE-FAMILIES & INDIVIDUALS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
HEALTH CARE MANAGEMENT	4,112	4,927	5,966	5,674	6,499	6,499	5,661	6,665	6,665
MA GRANTS	1,279,504	1,423,783	1,510,974	1,993,898	1,948,188	1,965,191	2,170,115	2,082,523	2,108,582
MA DEMO GRANTS	653	623	999	1,000	1,110	1,110	1,000	1,215	1,215
GAMC GRANTS	92,763	108,349	112,514	164,833	143,345	154,313	175,808	145,093	156,074
CHILDRENS HEALTH PLAN	1,860	3,675	5,723	8,666	9,435	7,915	8,906	13,036	12,030
HEALTH CARE SUPPORT	9,124	9,744	11,566	10,630	10,630	10,630	10,082	10,082	10,082
HEALTH CARE COLLECTIONS	1,761	1,916	3,191	3,223	3,223	3,223	3,215	3,215	3,215
LONG TERM CARE MANAGEMENT	7,131	10,862	10,985	15,711	17,548	18,193	17,481	19,807	20,762
AUDITS	1,999	2,651	2,767	2,792	3,777	3,777	2,785	3,484	3,484
PROVIDER APPEALS	1,140	991	916	924	1,123	1,123	922	1,105	1,105
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	1,400,047	1,567,521	1,665,601	2,207,351	2,144,878	2,171,974	2,395,975	2,286,225	2,323,214
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	25,741	31,285	35,265	38,970	42,445	42,735	40,161	43,658	43,858
LOCAL ASSISTANCE	5,173	4,579	3,413	81,307	81,850	82,205	81,307	82,299	83,054
AID TO INDIVIDUALS	1,369,133	1,531,657	1,626,923	2,087,074	2,020,583	2,047,034	2,274,507	2,160,268	2,196,302
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	1,400,047	1,567,521	1,665,601	2,207,351	2,144,878	2,171,974	2,395,975	2,286,225	2,323,214
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	491,488	593,295	602,730	821,669	759,924	786,296	919,947	823,837	860,853
PUBLIC HEALTH	1,860								
STATUTORY APPROPRIATIONS:									
GENERAL	217,838	222,370	233,341	338,200	337,472	338,196	350,459	336,819	336,792
SPECIAL REVENUE	2,287	1,267	2,864	1,742	1,742	1,742	1,208	1,208	1,208
FEDERAL	686,574	750,589	826,666	1,045,740	1,045,740	1,045,740	1,124,361	1,124,361	1,124,361
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,400,047	1,567,521	1,665,601	2,207,351	2,144,878	2,171,974	2,395,975	2,286,225	2,323,214

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ACTIVITY: Health Care Management
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Health Care Management Reallocations

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
Health Care Management	\$ 237	\$ 227	\$ 227	\$ 227
MA Grants	(279)	(370)	(370)	(370)

GOVERNOR'S RECOMMENDATION:

General Fund				
Health Care Management	\$ 237	\$ 227	\$ 227	\$ 227
MA Grants	(279)	(370)	(370)	(370)
Revenue	231	228	228	228

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$42,000 for F.Y. 1992 and \$143,000 for F.Y. 1993 to its budget base. This proposal affects agency activities in the areas of: 1) Drug Utilization Review (DUR)/prior authorization of drugs, 2) language interpreter funding, 3) Medical Assistance (MA) eligibility staffing, and 3) quality assurance review.

RATIONALE:

1. A base reallocation of \$135,000 for F.Y. 1992, and \$125,000 for F.Y. 1993 will allow the department to fund 2 staff and administrative activities to fulfill the federal requirements of Omnibus Budget Reconciliation Act (OBRA) 1990 to monitor quality as well as cost containment issues in the pharmacy program.

Historically, the Department of Human Services (DHS) has had a DUR program which focused on quality issues only, and did not have as its primary focus cost containment issues. It was not focused toward reducing over-utilization or over-prescribing or medication. Presently, the DHS does not have sufficient staff to operate a structured prior authorization (PA) program required to prevent inappropriate drug prescribing behavior. PA is a utilization control mechanism used to determine whether or not a requested service is necessary and appropriate.

In addition, OBRA 1990 requires that rebate agreements with pharmaceutical manufacturers be entered into and that states cover all rebated drugs, excluding a limited number of types of drugs such as drugs used for relief of cough and colds, etc. The only restriction a state is authorized to implement is PA of drugs. States are prohibited from prior authorizing of a new drug for 6 months, but may PA drugs after that time only if the state provides a 24-hour response to all requests. States are also required to establish an active DUR program that is both prospective and retrospective in nature. Likewise, although the analysis of OBRA 1990's impact on the department has not been completed, it is quite possible that it will result in additional pharmacy

program costs.

This activity is also anticipated to generate savings in the MA program of \$279,000 for F.Y. 1992, and \$370,000 for F.Y. 1993.

2. A base reduction of \$145,000 in F.Y. 1992 and \$145,000 in F.Y. 1993 will eliminate the funding for language interpreters. This funding was appropriated by the 1989 Minnesota Legislature to enable non-English speaking MA recipients to access health services. However, the size of the appropriation was insufficient to meet the geographic accessibility requirements of the Medicaid regulations. The size of the appropriation was also insufficient to meet the needs of Minnesota's non-English speaking population.

The department issued contracts for the performance of these services and it was this process that made it apparent that the appropriated funding was inadequate. It is estimated that in excess of \$2,000,000 per year would be required to adequately provide this service.

3. An increase in base funding of \$208,000 in F.Y. 1992 and \$208,000 in F.Y. 1993 will allow the department to fund additional staff to address the increasingly complex and voluminous MA eligibility policy area.

The required activities to support the MA program have quadrupled. The basic program has changed to encompass 7 income standards, 3 asset standards, 11 routines to determine eligibility and 6 budgeting standards which address 4 distinctly different sub-programs of MA eligibility. Due to the lack of resources to provide training to counties on MA policy, errors have increased especially in determinations that require an asset standard. The funding of the activity is an agency priority and the need has been determined to be essential.

4. An increase in base funding of \$39,000 in F.Y. 1992 and \$39,000 in F.Y. 1993 will fund quality assurance review activities related to managed care functions under General Assistance Medical Care (GAMC). The Joint Commission on the Accreditation of Health Care Organizations (JCAHO) was awarded a contract in 1988 and 1989 to conduct this review. JCAHO chose not to contract for 1990 so a new contract was issued to a different independent quality assurance review organization. Funding will be necessary for F.Y. 1992 and F.Y. 1993 in order to continue this quality assurance review activity. The data obtained from the reviews provide information not only for recipients enrolled in the GAMC Demonstration Projects, but also for the fee for services provision of care. State funds have been authorized in the past to fund these review contracts.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVL MA Grants
 PROGRAM: Health Care for Families with Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Limit Interpretive Services

	Dollars in Thousands			
AGENCY PLAN:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 37)	(\$ 50)	(\$ 62)	(\$ 75)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 37)	(\$ 50)	(\$ 62)	(\$ 75)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$37,000 in F.Y. 1992 and \$50,000 in F.Y. 1993 to its budget base.

RATIONALE:

Currently, people who are ventilator dependent and are hospitalized may receive interpreter services provided by a personal care attendant (PCA) or a private duty nurse (PDN) to enable communication.

This base reallocation and corresponding legislation will clarify that this is not an entitlement program and that benefits are provided only to the extent of program funds available. This proposal would require an assessment of need after 120 hours of PCA or PDN interpretive services are provided to ventilator dependent medical assistance (MA) recipients who are hospitalized. Further extension of this benefit will be limited to those cases in which this service is clearly necessary, based on information from the physician, the hospital, and the client.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Community Services and Family Support Incentives for Persons with Developmental Disabilities

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	\$(1,539)	\$(4,639)	\$(6,026)	\$(6,051)
MSA Grants	(19)	(269)	(545)	(547)
DD Admin.	43	43	43	43

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	\$(1,539)	\$(4,639)	\$(6,026)	\$(6,051)
MSA Grants	(19)	(269)	(545)	(547)
DD Admin.	43	43	43	43
Revenue	\$ 21	\$ 21	\$ 21	\$ 21

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$1,515,000 in F.Y. 1992 and \$4,865,000 in F.Y. 1993 to the budget.

RATIONALE:

This reallocation will allow the department to:

1. Reduce the budget for community-based services for persons with developmental disabilities (DD).
2. Continue to implement the policy of deinstitutionalization through continued regional treatment center (RTC) census reductions.
3. Encourage the development of services that are flexible, cost effective, and more responsive in supporting families.
4. Coordinate the impacts of change in one service area upon another.
5. Continue the relocation of persons inappropriately placed in nursing homes in accordance with federal requirements.

This recommendation discontinues the development and upgrading of community Intermediate Care Facility for the Mentally Retarded (ICF/MR) program and shifts the impact of RTC census reductions to the waiver program in the 1992-1993 biennium. Specifically this recommendation:

1. Discontinues ICF/MR Class A to Class B program conversions.
2. Limits funding of community ICF/MR closures to current obligations.
3. Cancels the development of new ICF/MR facilities authorized in 1988 which have not yet opened.

4. Increases the number of enhanced waived services allocations to ensure RTC discharges otherwise projected through ICF/MR development.
5. Provides a one-time increase required for counties to include in their rates the costs of commissioner's special projects and increases in Metro Mobility.
6. Limits the cost of waiver diversion growth through granting "not to exceed" amounts to parents who wish to continue to care for their child at home and allowing them more flexibility in the purchase of services (family choice option).
7. Reduces the cost of enhanced waiver allocations through development of family foster care services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: MA Grants
 PROGRAM: Health Care for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Reduce Special Needs Program

	Dollars in Thousands			
AGENCY PLAN:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

General Fund

MA Grants	(\$ 64)	(\$ 102)	(\$ 109)	(\$ 104)
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GOVERNOR'S RECOMMENDATION:

General Fund

MA Grants	(\$ 64)	(\$ 102)	(\$ 109)	(\$ 104)
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Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$64,000 in F.Y. 1992 and \$102,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will modify the special needs program by changing the approval period for adding direct care staff in Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) from 1 review per year to 2 reviews per year. This change will reduce the costs of the program. Currently, approximately 93% of all approved dollars pay for additional staff, generally to provide intensive 1:1 services. By requiring review of additional staff at 6 months instead of at 12 months, the costs of the program can be reduced without jeopardizing its effectiveness at providing temporary additional services for persons at risk of Regional Treatment Center (RTC) placement.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Delay Client Based Reimbursement for ICFs-MR

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
MA Grants	\$ -0-	(\$ 1,447)	(\$ 996)	(\$ 186)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	\$ -0-	(\$ 1,447)	(\$ 996)	(\$ 186)

Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$1,447,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will delay implementation of client-based reimbursement for Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) from 10-1-92 to 10-1-93. The delay will provide the opportunity to collect adequate information on which to base the new client-based reimbursement system.

By delaying implementation, the department will be able to complete training providers in effective documentation before the new system is put into use. Without this time for training prior to implementation, providers would not be fully aware of and adept at applying the documentation strategies necessary for client-based reimbursement. Under the delayed plan, all providers will be fully ready for the new system, thus providing an accurate baseline year upon which to base historic costs in the future.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Worker's Compensation Reduction for ICFs/MR

	Dollars in Thousands			
AGENCY PLAN:	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
MA Grants	(\$ 112)	(\$ 181)	(\$ 202)	(\$ 201)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 112)	(\$ 181)	(\$ 202)	(\$ 201)

Requires statutory change: ☒ Yes ☐ No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$112,000 in F.Y. 1992 and \$181,000 in F.Y. 1993 to its budget base for expenditure in Intermediate Care Facilities for Mentally Retarded (ICFs/MR).

RATIONALE:

This base reallocation and the corresponding legislation recognizes the proposed reduction in worker's compensation premiums to ICFs/MR. The amount of premium reduction expected is 16% (H.F. 283). The ICF/MR rate setting system is prospective and rates are based on past expenditures. Payment rates need to be adjusted to reflect an across-the-board reduction in worker's compensation premiums in order to more accurately reflect the facilities' expenditures.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Reduce Efficiency Incentive ICFs/MR

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 374)	(\$ 586)	(\$ 629)	(\$ 599)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 374)	(\$ 586)	(\$ 629)	(\$ 599)
	(\$ 113)	(\$ 178)	(\$ 180)	(\$ 181)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$374,000 in F.Y. 1992 and \$586,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will adjust efficiency incentive payments to intermediate care facilities for the mentally retarded. The efficiency incentive is a bonus payment, above facility costs, currently paid to certain facilities. This payment can be reduced from the current \$2 per resident per day to \$1. These savings can be achieved without detriment to the quality of care provided, while ensuring that providers are being reimbursed for expenses necessary to fund an efficient and economically operated facility.

GOVERNOR'S RECOMMENDATION:

The Governor ~~concurs with the agency plan~~ proposes an alternative decrease of \$113,000 in F.Y. 1992 and \$178,000 in F.Y. 1993 to the department's budget base. The new figures on this page are a result of a new forecast of costs issued 3-28-91.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Delay Promulgation of Rules Governing Rate Setting for Day Training and Habilitation (Rule 75)

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 147)	(\$ 1,239)	\$ 147	\$ 1,239
	(\$ 64)	(\$ 622)	(\$ 754)	(\$ 503)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 147)	(\$ 1,239)	\$ 147	\$ 1,239
	(\$ 64)	(\$ 622)	(\$ 754)	(\$ 503)

Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of ~~\$147,000~~ \$63,798 in F.Y. 1992 and ~~\$1,239,000~~ \$621,664 in F.Y. 1993 to the budget base.

RATIONALE:

This base reallocation will allow the department to delay the promulgation of rules governing day training and habilitation services to all persons with mental retardation or related conditions to 7-1-93.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
 PROGRAM: Health Care for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Reduce Rate Variance for Day Training and Habilitation

	Dollars in Thousands			
AGENCY PLAN:	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 49)	(\$ 169)	(\$ 186)	(\$ 177)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 49)	(\$ 169)	(\$ 186)	(\$ 177)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$49,000 in F.Y. 1992 and \$169,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to apply more appropriate criteria to granting of rate variances for day training and habilitation (DT&H) services. DT&H services are provided to persons with developmental disabilities. Current statute requires that a vendor meet 1 of 2 criteria to apply for a variance to the annual limits to rate increases. The first is that the vendor would be unable to meet licensing standards without a rate variance; the second is in order to increase community and supported employment services. This proposal will limit variances to the first criterion, i.e., those required to meet licensing standards.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: MA Grants
 PROGRAM: Health Care for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Transportation Alternatives for Day Training and Habilitation

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 85)	(\$ 211)	(\$ 229)	(\$ 218)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 85)	(\$ 211)	(\$ 229)	(\$ 218)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$85,000 in F.Y. 1992 and \$211,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to promote the use of cost-effective transportation by persons using day training and habilitation (DT&H) services, thereby reducing the current projected Medical Assistance costs. Currently metro counties have a disincentive to develop transportation modes which are cheaper than metro mobility. Legislation passed in 1990 increased transportation rates for DT&H service vendors in the metro area to cover the increased costs, effective 10-1-90, of using metro mobility services. Use of alternative cost-effective transportation services will allow the department to realize approximately a 25% savings over currently projected rates, without detriment to the quality of services provided.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Special Transportation

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

General Fund

MA Grants	(\$ 1,330)	(\$ 1,750)	(\$ 1,510)	(\$ 1,422)
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GOVERNOR'S RECOMMENDATION:

General Fund

MA Grants	(\$ 1,330)	(\$ 1,750)	(\$ 1,510)	(\$ 1,422)
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Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$1,330,000 in F.Y. 1992 and \$1,750,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation requires that reimbursement for special transportation (non-emergency) be reduced as follows: basic charge from \$16 to \$12.50 and mileage from \$1 per mile to \$.60 per mile.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: MA Grants
 PROGRAM: Health Care for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Worker's Compensation Reduction for Nursing Facilities

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
MA Grants	(\$ 842)	(\$ 1,032)	(\$ 1,155)	(\$ 1,172)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 842)	(\$ 1,032)	(\$ 1,155)	(\$ 1,172)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$842,000 for F.Y. 1992 and \$1,032,000 in F.Y. 1993 to its budget base for nursing facility expenditures.

RATIONALE:

This base reallocation and the corresponding legislation recognizes the proposed reduction in worker's compensation premiums to nursing facilities. The amount of premium reduction expected is 16% (H.F. 283). The nursing facilities' rate setting system is prospective and rates are based on past expenditures. Payment rates need to be adjusted to reflect an across-the-board reduction in worker's compensation premiums in order to more accurately reflect the facilities' expenditures.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: NH Rate Changes

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 6,968)	(\$ 8,547)	(\$ 9,557)	(\$ 9,699)

GOVERNOR'S RECOMMENDATION:

General Fund

MA Grants	(\$ 6,968)	(\$ 8,547)	(\$ 9,557)	(\$ 9,699)
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Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$6,968,000 in F.Y. 1992 and \$8,547,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will adjust nursing home operating payments, property limits, and efficiency incentive payments. The reduction in property payments for certain nursing homes is necessary to more closely reflect the facilities' actual property costs. Operating cost limits should be adjusted down to encourage greater prospective efficiencies in nursing home operations. The efficiency incentive is a bonus payment, above facility costs, currently paid to certain facilities. This payment can be reduced from the current \$2 per resident per day to \$1. These savings can be achieved without detriment to the quality of care provided, while ensuring that providers are being reimbursed for expenses necessary to fund an efficient and economically operated facility.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: PAS/ACG Grants, GAMC Grants, MA Grants, MSA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Eliminate Inflationary Rate Increases to Providers

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
General Fund				
PAS/ACG:				
ACG 180-day program	(\$ 1,003)	(\$ 2,516)	(\$ 2,516)	(\$ 2,516)
MA Grants:				
ACG waiver program	(132)	(300)	(348)	(360)
CADI	(109)	(365)	(632)	(778)
CAC	(101)	(294)	(462)	(540)
PCA/PDN services	(832)	(2,025)	(2,425)	(2,700)
DT & H services	(920)	(1,869)	(2,300)	(2,486)
MR waiver program	(1,208)	(3,459)	(4,918)	(5,436)
MSA Grants:				
NRF rates	(450)	(1,500)	(1,500)	(1,500)
GAMC Grants:				
Inpatient hospital rates	(1,406)	(3,918)	(3,918)	(3,918)
NET	(\$ 6,161)	(\$ 16,246)	(\$ 19,019)	(\$ 20,234)

GOVERNOR'S RECOMMENDATION:

General Fund

PAS/ACG:				
ACG 180-day program	(\$ 1,003)	(\$ 2,516)	(\$ 2,516)	(\$ 2,516)
	(\$ 588)	(\$ 1,720)	(\$ 1,720)	(\$ 1,720)
MA Grants:				
ACG waiver program	(132)	(300)	(348)	(360)
	(97)	(351)	(359)	(385)
CADI	(109)	(365)	(632)	(778)
CAC	(101)	(294)	(462)	(540)
PCA/PDN services	(832)	(2,025)	(2,425)	(2,700)
	(751)	(1,891)	(2,696)	(3,066)

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
DT & H services	(920)	(1,869)	(2,300)	(2,486)
	(935)	(1,703)	(2,069)	(2,203)
MR waiver program	(1,208)	(3,459)	(4,918)	(5,436)
	(952)	(2,598)	(3,686)	(4,059)
MSA Grants:				
NRF rates	(450)	(1,500)	(1,500)	(1,500)
	(463)	(1,504)	(1,989)	(2,085)
GAMC Grants:				
Inpatient hospital rates	(1,406)	(3,918)	(3,918)	(3,918)
	(1,264)	(3,779)	(3,779)	(3,779)
NET	(\$ 5,260)	(\$ 14,205)	(\$ 17,887)	(\$ 18,615)

Requires statutory change: X Yes (plus rider) No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of ~~\$5,951,000~~ \$6,161,000 in F.Y. 1992 and ~~\$15,587,000~~ \$16,246,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will eliminate inflation increases for the personal care attendant (PCA), private duty nurse (PDN), and home and community based waivers, Community Alternative Care (CAC), Community Alternatives for Disabled Individuals (CADI) programs, the Alternative Care Grants (ACG) program, day training and habilitation (DT&H) services, the mental retardation (MR) waiver program, rates paid to negotiated rate facilities (NRF), and General Assistance Medical Care (GAMC) payments to inpatient hospitals. This base reduction will still provide reimbursement sufficient for efficient and effective program operation. Additionally, the department believes that the elimination of the inflation increase is a sound approach to control costs in the GAMC program. The GAMC program is not a primary payor for inpatient hospitals. The loss of inflation on their GAMC payments will not cause an overall significant decrease in hospital operating revenues.

This base reduction will also enable the department to control expenditures for NRF. Payments to NRF are increasing rapidly. Efforts are under way to establish a statewide system of rates and payments for NRF. In the meantime, legislation is necessary to eliminate inflation increases allowed in statute to control costs of the program.

This change eliminates the 4% allowable maximum inflation rate for the ACG program, the MR waiver program, and for PCA/PDN services; the 4.5% allowable maximum for DT&H services; the 2.5% allowable maximum for NRF rates; and the 5% F.Y. 1992 and 5.5% F.Y. 1993 allowable maximums for GAMC inpatient hospital rates.

GOVERNOR'S RECOMMENDATION:

The Governor proposes a net decrease of \$5,260,000 in F.Y. 1992 and \$14,205,000 in F.Y. 1993 to the department's budget base for the programs identified, ~~concurs with the agency plan.~~ The new figures on this page are a result of the new forecast, for the programs identified, which was issued 3-28-91.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Freezing Personal Needs Allowance

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 146)	(\$ 451)	(\$ 1,883)	(\$ 1,329)
			(\$ 883)	
<u>MSA</u>	<u>(\$ 114)</u>	<u>(\$ 348)</u>	<u>(\$ 678)</u>	<u>(\$ 1,020)</u>

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 146)	(\$ 451)	(\$ 1,883)	(\$ 1,329)
			(\$ 883)	
<u>MSA</u>	<u>(\$ 114)</u>	<u>(\$ 348)</u>	<u>(\$ 678)</u>	<u>(\$ 1,020)</u>

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$146,000 in F.Y. 1992 and a decrease of \$451,000 in F.Y. 1993 to its budget base.

RATIONALE:

Currently, the personal needs allowance for institutionalized individuals increases at the same rate as increases to the Retirement, Survivors, Disability Insurance and Supplemental Security Income programs. (The annual cost of living adjustment effective January 1991 was 5.4%.) The income standard for individuals in the community is being decreased, while the out of pocket expenses for those individuals increases. Therefore, as a mechanism toward equitable treatment of individuals in the community and those in institutions, the Department proposes freezing any further increases to the personal needs allowance.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Change the Medical Assistance Income Standard

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
MA Grants	(\$10,884)	(\$15,237)	(\$16,288)	(\$15,515)
CHP	620	906	964	964

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 3,773)	(\$ 5,042)	(\$ 5,052)	(\$ 5,044)
	(\$2,566)	(\$3,433)	(\$3,443)	(\$3,435)

Requires statutory change: ☒ Yes ☐ No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$10,264,000 in F.Y. 1992 and \$14,331,000 in F.Y. 1993 to its budget base.

RATIONALE:

The agency proposes that the income standard for eligibility under Medical Assistance (MA) be lowered to 100% (from 120%) of the income standards by family size used in the Aid to Families with Dependent Children (AFDC) program for persons whose category of eligibility is based on blindness, disability or age of 65 or more years, and that for families and children the standard is to be lowered to 100% from (133-1/3%) of the income standards by family size used in the AFDC program.

Persons in the category of eligibility based on blindness, disability, or age of 65 or more years can become eligible for all Medicare covered health services as Qualified Medicare Beneficiaries (QMB) which is another category of eligibility under the MA program. The QMB component of MA has an upper income limit of 100% of the federal poverty guidelines and recipients must be eligible for Medicare. Most people in the aged, blind, or disabled category who would be affected by the change in standard can convert immediately to the QMB category and be placed on automated spenddown. The spenddown will be used for prescription drugs and certain home care services or supplies not covered currently by Medicare.

Families and children will have to spenddown to the lower standard and they will incur more and higher medical bills. The recent expansions in MA for children and pregnant women will maintain MA eligibility for many low income people, but other families and children who are above the expanded guidelines will have to spenddown to the same standard as AFDC. This proposal is projected to put 2,500 children ages 10 and up on the Children's Health Plan (CHP).

GOVERNOR'S RECOMMENDATION:

The Governor does not accept the agency recommendation concerning the change in the Medical Assistance income eligibility standard. Instead, the Governor recommends that the following service limitations and copayments apply to the MA program.

Service Restrictions		Dollars in Thousands			
		F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
1. Dental care for adults limited to \$150 per year (\$	2,400)	(\$ 3,200)	(\$ 3,200)	(\$ 3,200)	(\$ 3,200)
2. Chiropractic Services - limit to 18 visits	(142)	(200)	(210)	(202)	
per year and prior authorize all services to children.					
3. Copayments to be instituted as follows:					
		Dollars in Thousands			
Service	Copayment	F.Y. 1992	F.Y. 1993		
Non-emergency services provided	\$ 6.00	(\$ 16)	(\$ 21)		
in an emergency room	3.00	(8)	(11)		
Total:		24	33		
Eye glasses	2.00	(27)	(36)		
Dentures	3.00	(9)	(12)		
Prescriptions	1.00	(858)	(1,144)		
Chiropractic	1.00	(30)	(40)		
Medical Transportation					
Basic Life Support	3.00	(5)	(7)		
Adv. Life Support	3.00	(5)	(7)		
Spec. Transport.	1.00 to 3.00				
(copay depends on MA payment level)		(72)	(96)		
Therapies					
Occupational	1.00	(11)	(15)		
Physical	1.00	(22)	(29)		
Speech	1.00	(20)	(27)		
Audiology	1.00	0	0		
Podiatry	1.00 to 3.00	(1)	(2)		
(copay depends on MA payment level)					
Dental Exams	.50	(17)	(22)		
Psychotherapy					
(Group and Ind. Sessions)	1.00 to 3.00	(130)	(173)		
(copay depends on MA payment level)					
TOTAL		(\$ 1,231)	(\$ 1,642)		

1992-93 Biennial Budget

ACTIVITY: MA Grants

(Continuation)

PROGRAM: Health Care for Families and Individuals

~~Copayments cannot be imposed on children under age 18, pregnant women (through the post-partum period), institutionalized individuals, and categorically needy individuals enrolled in an HMO.~~

- Copayments cannot be imposed for emergency services (defined as services provided after the sudden onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain), that the absence of immediate medical attention could reasonably be expected to result in:
 - ~~Placing the patient's health in serious jeopardy.~~
 - ~~Serious impairment to bodily functions.~~
 - ~~Serious dysfunction of any bodily organ or part.~~
- ~~Family planning services and supplies~~
- ~~Hospice care services~~

1992-93 Biennial Budget

ACTIVITY: MA Grant
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Editing, Manual Pricing and Other Reimbursement Cost Savings Initiatives

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 1,035)	(\$ 1,374)	(\$ 1,374)	(\$ 1,374)
CHP GAMC Grants	(273)	(364)	(364)	(364)
Health Care Management	170	160	160	160

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 1,035)	(\$ 1,374)	(\$ 1,374)	(\$ 1,374)
CHP GAMC Grants	(273)	(364)	(364)	(364)
Health Care Management	170	160	160	160
Revenue	58	54	54	54

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$1,138,000 in F.Y. 1992 and \$1,578,000 in F.Y. 1993 to the department's budget base.

RATIONALE:

This base reallocation proposes to provide two staff for individual manual claim reviews in areas where the national coding schemes do not provide adequate specificity for automated processing, and to create edits in the claims processing system. The edits will reduce payment of multiple surgical procedures from 75% to 50%, prevent payment of exploratory laparoscopy when other abdominal surgery is performed, restrict payment for assistance at surgery to specified surgical procedures, eliminate the 35% increase for micro-surgical technique, prevent billing of "new" patient service codes when recipient has received care from provider before and is an established patient, prevent separate reimbursement for the interpretation and reading of an EKG when a physician visit is performed, include pre-op history and physicals, consultations, and hospital visits in the surgical package, reduce complete blood counts performed on the same day as lab profiles, reduce payment for Certified Registered Nurse Anesthetist (CRNA) services. The department also proposes to restructure end-stage renal disease and factor VIII (Antihemophilic Factor) reimbursements, appropriately price diapers and incontinent supplies, and prevent duplicate payments for obstetric services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Medical Supply Limitations

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 93)	(\$ 125)	(\$ 125)	(\$ 125)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 93)	(\$ 125)	(\$ 125)	(\$ 125)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$93,000 in F.Y. 1992 and \$125,000 in F.Y. 1993 to the department's budget base.

RATIONALE:

This request proposes to limit Medical Assistance (MA) coverage of eyeglasses to 1 pair in a 24-month period for adults, and 1 pair every 12 months for children. A recipient who needs a second pair of eyeglasses within the benefit period will be able to purchase the second pair at MA contract price. This contract offers a substantial discount compared to the prices available in the retail market.

This request also proposes to eliminate payment for hearing aid batteries beyond the initial batteries provided at the time the hearing aid is purchased. Hearing aid batteries are relatively inexpensive and widely available from drug stores, supermarkets, and department stores.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grant
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

PLAN TITLE: Restrict Coverage for Over-the-Counter Drugs and Limit Certain Medical Supplies to Pharmacy Providers

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 655)	(\$ 731)	(\$ 731)	(\$ 731)
CHP	(46)	(70)	(70)	(70)
	(19)	(35)	(35)	(35)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 655)	(\$ 731)	(\$ 731)	(\$ 731)
CHP	(46)	(70)	(70)	(70)
	(19)	(35)	(35)	(35)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$701,000 in F.Y. 1992 and \$801,000 in F.Y. 1993 to the department's budget base.

RATIONALE:

This base reallocation and the corresponding legislation will allow coverage for only specified over-the-counter (OTC) drugs. The OTC drugs that would continue to be eligible for Medical Assistance (MA) reimbursement would be:

1. Insulin.
2. Aspirin/Acetaminophen.
3. Vitamins for pregnant and nursing women and children under 7.
4. Antacids.

In addition, this proposal limits the dispensing of items classified as drugs and listed on the drug formulary to pharmacies, and in limited cases, to physician offices. This limitation would result in savings because the drug formulary provides for a uniform pricing methodology and would allow the department to obtain manufacturer rebates. Medical suppliers would be precluded from providing items that are a part of the MA drug formulary.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Master's Level Providers (MH)

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 415)	(\$ 575)	(\$ 611)	(\$ 582)
GAMC Grants	(32)	(44)	(46)	(44)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 415)	(\$ 575)	(\$ 611)	(\$ 582)
GAMC Grants	(32)	(44)	(46)	(44)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$447,000 in F.Y. 1992 and \$619,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will ensure that Medical Assistance/General Assistance Medical Care providers of mental health services with master's degrees are reimbursed on a comparable basis.

Presently, licensed independent clinical social workers and Registered Nurses (RNs) with master's degrees in psychiatric nursing are reimbursed at approximately \$45 per hour for psychotherapy services. Psychiatrists and Ph.D prepared psychologists licensed at the licensed consulting psychologist (LCP) level are reimbursed at approximately \$66/hour for psychotherapy. There are 2 other groups of mental health professionals with master's degrees; psychologists licensed as licensed psychologists and the licensed marriage and family therapists. Both of these mental health providers are presently reimbursed at \$66 per hour for psychotherapy services. Equity would dictate that all master's prepared mental health professionals be reimbursed the same.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: MA Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Extend Timelines for Coverage of HIV Insurance Premiums

	Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$ 370)	(\$ 880)	(\$ 880)	(\$ 880)
Health Care Admin.	148	347	347	347

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	(\$ 370)	(\$ 880)	(\$ 880)	(\$ 880)
Health Care Admin.	148	347	347	347

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$222,000 in F.Y. 1992 and \$533,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will provide coverage of insurance premiums for a maximum of an additional 11 months thus making this consistent with the requirements of Consolidated Omnibus Budget Reconciliation Act (COBRA). It will also increase the number of HIV-infected persons who can be served through this program. This should prevent or delay the need for persons to apply for Medical Assistance (MA) resulting in cost savings. The expenditures listed below are for the premiums costs for policies.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: ~~MA Grants~~ Demo Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Prepaid Medical Assistance Program Ramsey County Expansion

	<u>Dollars in Thousands</u>			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	\$ 212	(\$ 429)	(\$ 1,670)	(\$ 1,870)
Health Care Management	110	215	215	215

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	\$ 212	(\$ 429)	(\$ 1,670)	(\$ 1,870)
Health Care Management	110	215	215	215
Revenue	\$ 55	\$ 107	\$ 107	\$ 107

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$322,000 in F.Y. 1992 and a net decrease of \$214,000 in F.Y. 1993.

RATIONALE:

The department is proposing to expand the Prepaid Medical Assistance Program (PMAP) to Ramsey County effective 1-1-92. Currently, the project is operational in the counties of Dakota, Hennepin, and Itasca. Over the course of the past 5 fiscal years, PMAP has proven to be a cost-effective alternative to the fee-for-service system. Total PMAP savings are estimated to be between \$2.5 and \$3 million per fiscal year. The experience of the state has shown that it normally takes a 2-year period of time to recover the start-up costs and the overlap of fee-for-service payments which occur when PMAP is incrementally implemented.

The enrollment process for Ramsey County Aid to Families with Dependent Children (AFDC) recipients would begin in 1-92 with the phase-in of AFDC recipients over 1 year. The phase-in of aged recipients would begin 7-92.

In order to implement the PMAP expansion in Ramsey County, the state is requesting a permanent position for 1 current staff and an increase of 2 additional staff positions. These staff persons are necessary to accommodate the addition of approximately 35,000 PMAP enrollees. Consistent with M.S. 256B.031, subd. 9, additional administrative costs are also required to support the education and enrollment process at the county level.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

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ACTIVITY: GAMC Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Eliminate Current GAMC Program and Replace it with a Basic Health Services Program and a Health Services for MA Recipients of Institutions for Mental Diseases Program

AGENCY PLAN:	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
GAMC Grants	<u>(\$13,863)</u>	<u>(\$15,802)</u>	<u>(\$15,802)</u>	<u>(\$15,802)</u>
	<u>(\$16,188)</u>	<u>(\$18,827)</u>	<u>(\$18,827)</u>	<u>(\$18,827)</u>

GOVERNOR'S RECOMMENDATION:

General Fund				
GAMC Grants	(\$5,362)	(\$7,985)	(\$6,835)	(\$6,835)

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of ~~\$13,863,000~~ \$16,188,000 in F.Y. 1992 and a net decrease of ~~\$15,802,000~~ \$18,827,000 in F.Y. 1993 to its budget bases.

RATIONALE:

This base reallocation will eliminate the current General Assistance Medical Care (GAMC) program and redirect the dollars and eligibles to 2 new programs. The state cannot afford to fund the GAMC program as it is currently structured. Therefore, the state will fund a program that is consistent with the current GAMC program for Medical Assistance (MA) residents of Institution for Mental Diseases (IMDs) and develop a new Basic Health Services program for individuals at 115% of Aid to Families with Dependent Children (AFDC) or who spenddown to 115% of AFDC. The Basic Health Services program will limit eligibility to 115% of AFDC to be consistent with the proposed MA income standard for aged, blind, and disabled recipients and adjust the health care benefit package to provide a basic health care package, consistent with the Health Care Access Commission's recommendation for an intermediate services package. The benefit limitations have been modified due to system's restraints in the Department of Human Services' current payment system.

The kinds of benefits that will no longer be covered were not a part of the GAMC benefit package in the early 1980s. These changes may affect some persons' ability to receive some necessary health care services and an increase in uncompensated costs for hospital care. Retro-eligibility for payment of health care services will not exist and special payment incentives available under MA and applied to GAMC rates will be eliminated, i.e., community health clinic 20% premium, disproportionate population adjustments (DPA), etc.

MA eligibles who are GAMC recipients because they reside in an (IMD) will be exempt from the restructure and will continue to receive their current benefit package.

The restructured GAMC Program effective 7-1-91 will include the following changes:

Eligibility

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. No 3-month retro-eligibility	(\$ 1,425)	(\$ 1,975)
	<u>(\$ 3,750)</u>	<u>(\$ 5,000)</u>
2. Income standard at 100% of AFDC	(2,680)	(3,717)

Benefits

1. 20% increase for services in Community and Public Health Clinics eliminates.	(8)	(11)
2. Eliminate chiropractic, dental, podiatry, vision, durable medical equipment, allergy testing, special transportation, and all rehabilitation services except physical therapy visits.	(4,314)	(5,936)
3. Pharmacy changes that limit coverage of over-the-counter drugs to insulin, aspirin, and acetaminophen for certain chronic conditions, reimburse at AWP-15%, lower the dispensing fee payment to the amount paid by the largest insurer with statewide coverage, and restrict drugs on the formulary.	(591)	(778)
4. \$50 copay for ER visits that do not result in an inpatient stay and limit outpatient service to a limit of 8 specialty consultation visits.	(570)	(820)
5. Limit Primary Physician Services to 8 visits/year plus 3 consultant visits/year.	(429)	(627)
6. Limit Mental Health therapy and diagnostic services to those medically necessary services up to 10 hours/year individual therapy or 20 hours/year group therapy, and eliminate day treatment services.	(301)	(443)

Rates

1. Limit general assistance medical care (GAMC) inpatient hospital payments to aggregate hospital charges for inpatient services. Presently, under the diagnosis-related group (DRG) system of payment, an average payment is made regardless, in most cases, of the length of hospitalization. Thus, there are some circumstances when a hospital may be paid more than its charges for an individual case and less than charges on other cases. The department intends to review all hospitals on an annual basis and recover the difference between the total of DRG payments made on behalf of GAMC recipients and the total of billed charges. This methodology is the same as used under medical assistance as required by federal regulations. Since the amounts paid above charges offset the payments below charges, the intent is to limit total payments to the total amount billed by the hospital as its price.	-0-	(203)
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ACTIVITY: GAMC Grants
(continued)
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

1992-93 Biennial Budget

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
2. Eliminate the disproportionate population adjustment (DPA) for General Assistance Medical Care (GAMC) inpatient hospital payments. The DPA is an additional payment made to hospitals that serve a disproportionate number of Medical Assistance (MA) recipients. Presently, there are approximately 25 hospitals qualifying as DPA facilities. Such a payment is required under federal regulations with respect to MA clients. However, there is no requirement that this methodology be utilized under GAMC. In addition, the adjustment is not related to a facility's cost and therefore is not necessary to insure adequate and appropriate reimbursement.	(95)	(142)

Rateables

1. 10% rateable reduction for inpatient hospital services	(3,450)	(1,150)
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No comparable savings have been taken for the 40% of the GAMC case load for which the department has contracted with licensed health maintenance organizations. Under state law HMOs are required to provide sufficient care to ensure the health of the person.

GOVERNOR'S RECOMMENDATIONS:

The Governor concurs with the agency plan with the following exceptions:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
1. Retain income standard at present level.	\$ 2,680	\$ 3,717
2. Retain dental services at limit of \$100/yr. per eligible GAMC recipient.	\$ 925	\$ 1,190
3. Retain provision of durable medical equipment.	\$ 838	\$ 880
4. Limit Copay to \$5 visit for ER visits rather than \$50/visit.	\$ 513	\$ 738
5. Retain DPA for inpatient hospital services.	\$ 95	\$ 142
6. Eliminate 10% rateable reduction.	\$ 3,450	\$ 1,150
7. <u>Retain 1-month retroeligibility</u>	<u>\$ 2,325</u>	<u>\$ 3,025</u>

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: GAMC Grants
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Counties Responsible for GAMC Switch to MA

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
GAMC Grants	\$ (214)	\$ (225)	\$ (236)	\$ (225)

GOVERNOR'S RECOMMENDATION:

General Fund

GAMC Grants	\$ (214)	\$ (225)	\$ (236)	\$ (225)
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Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$214,000 in F.Y. 1992 and \$225,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will require a county to be financially responsible for all costs incurred on behalf of medical assistance (MA) eligible clients when it fails to switch eligibility from the General Assistance Medical Care (GAMC) program to the MA program after receiving notice from Department of Human Services (DHS). Likewise, this proposal would make the counties responsible for costs incurred by prepaid health plans for services to infants when the county fails to determine eligibility for MA.

Presently, when a claim for a GAMC recipient is received and the diagnosis, i.e., pregnancy, indicates that the GAMC recipient would be eligible for MA, the GAMC claim is suspended and the county is sent a written notice informing them that the GAMC recipient should be transferred to the MA program. Counties are given 90 days within which to affect this eligibility switch over. The claim is then resubmitted with the MA number and paid under MA thus capturing Federal Financial Participation (FFP). Approximately 1,500 claims a year are paid under GAMC that could, if the county cooperated, be paid under MA instead.

Some local agencies however have failed to respond to DHS's notice to open MA cases. Health care providers have provided service based on a valid GAMC card and must be paid in a timely fashion. This proposal would make those counties who failed to transfer a GAMC recipient to the MA program within 90 days of notification of such by DHS responsible for the entire cost of the recipient's health care. Savings to the state would result from not being liable for the cost of services incurred on behalf of a GAMC recipient who is eligible for MA.

1992-93 Biennial Budget

ACTIVITY: Children's Health Plan
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: CHP Forecast

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
General Fund				
CHP	\$ 175	\$ 3,461	\$ 5,461	\$ 5,461
CHP Administration	62	62	62	62

GOVERNOR'S RECOMMENDATION:

General Fund				
CHP	\$ 175 (\$ 725)	\$ 3,461 \$ 3,361	\$ 5,461 \$ 5,361	\$ 5,461 \$ 5,361
CHP Administration	62	62	62	62

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net increase of \$237,000 in F.Y. 1992 and \$3,523,000 in F.Y. 1993 to its budget base.

RATIONALE:

The department requests increased funding for the Children's Health Plan (CHP) based upon expected increases in enrollment, utilization, and expenditures over the next biennium. CHP is a health care plan of primary and preventive care services for children ages 1 through 17, in families with income at or below 185% of the federal poverty level, who are not otherwise insured for the services available under this Plan. Payment for services is at the same rates and conditions as Medical Assistance and all claims processing is done by the Department of Human Services staff.

A significant increase in enrollment is expected with the age expansion for 9 through 17 year olds, which began 1-1-91. Utilization will increase with new enrollees and for those who have been enrolled and now use the Plan more often. If funding is not available, enrollment would have to be decreased. The Plan has served more than 22,000 children in the last 2½ years and at least 30,000 children will be added in the next biennium with the expansion in age level; CHP receives more than 350 applications each week, re-enrollment, and new applications. An additional 2 staff are necessary to complete enrollment of children in a timely manner. Even without serving adolescents, program enrollment is expected to grow. This time delay affects approximately 1,700 families who have applied or 3,400 children waiting for assistance.

GOVERNOR'S RECOMMENDATION:

The Governor ~~concurs with the agency plan~~ proposes an alternative decrease of \$663,000 in F.Y. 1992 and a net increase of \$3,523,000 in F.Y. 1993 to its budget base. The new figures on this page are a result of a new forecast of costs issued 3-28-91. The Governor does, however, note that this is not an entitlement program and believes the question of fully funding forecast need should be revisited each biennium.

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ACTIVITY: Children's Health Plan
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Transfer Children Covered Under CHP to MA Per Federal Mandate

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

General Fund

CHP	(\$ 69)	(\$ 264)	(\$ 570)	(\$ 963)
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GOVERNOR'S RECOMMENDATION:

General Fund

CHP	(\$ 69)	(\$ 264)	(\$ 570)	(\$ 963)
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Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$69,000 in F.Y. 1992 and \$264,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to provide for the required transfer of some children now eligible under the Children's Health Plan to the Medical Assistance (MA) program. The Omnibus Budget Reconciliation Act 1990 makes children born after 9-30-83, who are up to age 8 18 and whose family's income is under 100% of the federal poverty level, eligible under MA. This mandatory federal change was made without additional federal funding.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Long Term Care Management
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Managed Home Care

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Long Term Care Management	\$ 568	\$ 557	\$ 557	\$ 557
MA Grants	(3,790)	(7,635)	(8,825)	(9,153)

GOVERNOR'S RECOMMENDATION:

General Fund				
Long Term Care Management	\$ 568	\$ 557	\$ 557	\$ 557
MA Grants	(3,790)	(7,635)	(8,825)	(9,153)
Revenue	284	279	279	279

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$3,222,000 in F.Y. 1992 and \$7,078,000 in F.Y. 1993 to its budget base.

RATIONALE:

Over the past several years, demand and cost for home care have increased drastically. This request achieves savings for managed home care by capping the amount of reimbursement for home care services to the statewide average Medical Assistance (MA) reimbursement for nursing facilities, ICFs/MR, and hospitals designated as long-term hospitals under Medicare. In addition, all home care would be prior authorized and the definition of medical necessity will be tightened.

This base reallocation and corresponding legislation will provide additional management of rapidly increasing Medical Assistance home care expenditures. Savings are achieved by using independent RN professionals to prior authorize all MA home care and determine medical necessity. Experience with one RN consultant has demonstrated the cost effectiveness of this method with a small segment of more costly home care cases. This proposal expands the current approach.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: Long Term Care Management
 PROGRAM: Health Care for Families and Individuals
 AGENCY: Human Services, Department of

PLAN TITLE: Traumatic Brain Injury Case Management

		Dollars in Thousands			
<u>AGENCY PLAN:</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	
General Fund					
Long Term Care Management	\$ 100	\$ 100	\$ 100	\$ 100	
MA Grants	(207)	(226)	(255)	(256)	

GOVERNOR'S RECOMMENDATION:

General Fund					
Long Term Care Management	\$ 100	\$ 100	\$ 100	\$ 100	
MA Grants	(207)	(226)	(255)	(256)	
Revenue	70	70	70	70	

Requires statutory change: ____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$107,000 in F.Y. 1992 and \$126,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will provide additional case management to divert people with traumatic brain injury from institutional care to lower cost alternative care when individually appropriate. It is anticipated that with the addition of 2 medical professional case managers, the program will divert an additional 80 cases in F.Y. 1992. In its first 4 months of operation in F.Y. 1991, the program diverted 57% of referred clients to lower cost treatment settings.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Long Term Care Management
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Eliminate TEFRA

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
MA Grants	(\$4,100)	(\$6,100)	(\$6,400)	(\$7,400)

GOVERNOR'S RECOMMENDATION:

General Fund				
MA Grants	\$(250)	\$(250)	\$(250)	\$(250)
LTC Management	50	50	50	50
Revenue	\$ 34	\$ 34	\$ 34	\$ 34

Requires statutory change: X Yes No
Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease to its budget base of \$4,100,000 in F.Y. 1992 and \$6,100,000 in F.Y. 1993.

RATIONALE:

The federal Tax Equity and Fiscal Responsibility Act (TEFRA) 134 option (the Children's Home Care Option) has been selected for elimination because it serves a group of children whose parents' income and resources are above the MA eligibility criteria. (They are eligible for MA because TEFRA waives the deeming of the parents' income and assets--only the child's income and resources are considered when determining financial eligibility for MA services.)

Although eliminating TEFRA would place an extreme hardship on the parents of the approximately 1,400 TEFRA children who are presently being cared for at home, eliminating this eligibility group from MA is a fairness issue related to proposed reductions in MA services to other persons eligible for MA.

GOVERNOR'S RECOMMENDATION:

The Governor recommends net reductions of \$200,000 in F.Y. 1992 and \$200,000 in F.Y. 1993

To be eligible for the TEFRA, a child needs: 1) to be certified as disabled and 2) to require the level of care provided in a medical facility (hospital, nursing facility, or Intermediate Care Facility for the Mentally Retarded (ICF/MR)).

Currently, the State Medical Review Team (SMRT) does the disability certifications. The level of care determinations are handled by an MR/RC screening, a Preadmission Screening (PAS), or by the child's physician.

The Governor proposes to require that if an MR/RC screening or a PAS has been completed, it be used to determine the level of care needed by the child. In those cases in which such a screening has not been completed, the SMRT will make the level of care determination.

1992-93 Biennial Budget

ACTIVITY: Audits
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Increase LTC Field Auditors

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Audits	\$ 567	\$ 491	\$ 491	\$ 491
Appeal Admin	199	183	183	183
MA Grants	(945)	(2,747)	(3,851)	(3,768)

GOVERNOR'S RECOMMENDATION:

General Fund				
Audits	\$ 567	\$ 491	\$ 491	\$ 491
Appeal Admin	199	183	183	183
MA Grants	(945)	(2,747)	(3,851)	(3,768)

Revenue				
Admin	284	246	246	246
Appeals	60	52	52	52
	<u>100</u>	<u>92</u>	<u>92</u>	<u>92</u>

Requires statutory change: X Yes No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a net decrease of \$258,000 in F.Y. 1992 and \$2,151,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will allow the department to increase field audit and provider appeal staff so that the department will be able to complete more of the federally required and state mandated on-site audits of long-term care facilities. Existing legislation mandates that each year 25% of all facilities be audited. The department is unable to meet this requirement. In addition the funding for the Attorney General Office's Long-Term Care unit would continue from the special revenue accounts. This will insure continued legal support to represent the department in provider appeals. In order to ensure the cost integrity of the Medical Assistance program, the department must have the ability to adequately and fully conduct on site audits. The last federal audit on nursing home reimbursement stated that the desk review is not sufficient to uncover all unallowable costs and the federal government recommended that the state increase its on site audit capabilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Audits
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Peer Group Hospital Payments

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

General Fund

Audits	\$ 190	\$ 55	\$ 55	\$ 55
MA Grants	-0-	(4,253)	(4,724)	(4,500)
GAMC Grants	-0-	(1,097)	(1,212)	(1,155)

GOVERNOR'S RECOMMENDATION:

General Fund

Audits	\$ 190	\$ 55	\$ 55	\$ 55
MA Grants	-0-	(4,253)	(4,724)	(4,500)
GAMC Grants	-0-	(1,097)	(1,212)	(1,155)

Revenues	\$ 78	\$ 23	\$ 23	\$ 23
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Requires statutory change: X Yes No

Statutes Affected:

ITEM SUMMARY:

The agency proposes an increase of \$190,000 in F.Y. 1992 and a net decrease in F.Y. 1993 of \$5,295,000 to its budget base.

RATIONALE:

This base reallocation and corresponding legislation will change the inpatient hospital reimbursement system by using a peer group system. A peer group system is a methodology for developing a facility's rates by comparing it to similarly situated facilities. This compares to the present system of determining facility specific rates. The department believes that this is an effective way to effect cost containment by limiting Medical Assistance and General Assistance Medical Care payments to a peer group payment rate rather than a facility specific payment rate. It is expected that rates available under this reimbursement methodology would be adequate for an economically and efficiently operated hospital.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

1992-93 Biennial Budget

ACTIVITY: Audits
PROGRAM: Health Care for Families and Individuals
AGENCY: Human Services, Department of

PLAN TITLE: Children's Hospitals Audits, Analysis of Hospital Services and Utilization Review Contact

<u>AGENCY PLAN:</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
General Fund				
Audit Admin	\$ 228	\$ 153	\$ 232	\$ 153
MA Grants	(202)	(421)	(522)	(497)
GAMC Grants	(52)	(55)	(58)	(55)

GOVERNOR'S RECOMMENDATION:

General Fund

Audit Admin	\$ 228	\$ 153	\$ 232	\$ 153
MA Grants	(202)	(421)	(522)	(497)
GAMC Grants	(52)	(55)	(58)	(55)

Revenue	94	63	94	63
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Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The agency proposes a decrease of \$26,000 in F.Y. 1992 and a decrease of \$323,000 in F.Y. 1993 to its budget base.

RATIONALE:

This base reallocation will allow the department to insure the cost integrity of the medical assistance (MA) program. The department presently uses the audited Medicare cost finding report as the basis for MA payments to all hospitals. Children's hospitals file a Medicare report for MA payment purposes but these reports are not audited by Medicare. Thus, it is necessary for the department to fund necessary on-site audits with a contractor to determine allowable and non-allowable costs. Funding this contract results in savings to the MA grants account.

This base reallocation will also allow the department to enhance its ability to review inpatient hospital payments through computerized reviews of hospital admissions and discharges insuring compliance with federal utilization review requirements. The department proposes to develop a computerized review system that integrates payment and utilization information. This review will include post payment review of readmissions, Diagnosis-Related Group validation, and audits of claims. These enhanced reviews will increase denials and recoveries associated with inpatient hospital claims, thereby saving money in the Medical Assistance and General Assistance Medical Care grants accounts.

Additionally, this base reallocation will allow the department to fund necessary administrative activities involving utilization review activities required by the federal government for inpatient hospital services. This activity reviews the necessity for and appropriateness of all inpatient hospitalizations. Payments for those hospitalizations determined to be unnecessary or inappropriate are recovered. Last year, the contract resulted in cost savings of over \$2 million or about \$3.10 for every dollar spent on the contract. The addition of this cost is necessary to meet this required federal activity, and to generate savings through cost avoidance and recoveries.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

MA GRANTS
FORECAST INFORMATION

This table shows historical Medical Assistance caseload and total expenditures, with projections for F.Y. 1991 - 1993.

Total MA Program

<u>Fiscal Year</u>	<u>Monthly Average Recipients</u>	<u>Monthly Average Payments</u>	<u>Total Annual Payments</u>	<u>Federal Share</u>	<u>State Share*</u>	<u>CD Fund Share</u>	<u>County Share</u>	<u>State Cost for County Growth</u>
1988	161,783	\$ 612.49	\$1,189,083,969	\$ 642,149,160	\$492,951,877		\$53,982,932	
1989	166,041	640.79	1,276,775,046	679,834,405	537,336,841		59,603,799	
1990	177,290	668.62	1,422,468,950	744,994,999	609,073,035	\$2,472,333	65,929,583	
PROJECTED								
1991	199,629	\$ 687.86	\$1,647,800,524	\$ 877,522,691	\$690,617,300	\$2,925,277	\$76,735,256	
1992	219,430	725.82	1,911,189,415	1,035,352,393	785,161,863	3,434,952	87,240,207	\$16,461,509
1993	227,896	758.39	2,073,993,553	1,113,573,438	861,106,003	3,635,668	95,678,445	25,933,104

* Before crediting collections from State Regional Treatment Centers and state nursing homes

The State share of MA expenditures is funded in part by collections from State Regional Treatment Centers and State Operated Community Services, which are dedicated receipts deposited in the State MA account. The following table shows how this affects the General Fund appropriation required for MA.

<u>Fiscal Year</u>	<u>Gross State Share</u>	<u>Collections</u>	<u>State Cost for County Share Growth</u>	<u>Net State Share</u>
1988	\$492,951,877	(\$159,231,718)		\$333,720,159
1989	537,336,841	(148,749,415)		388,587,426
1990	609,073,035	(143,235,795)		465,837,240
PROJECTED				
1991	\$690,617,300	(\$150,535,000)		\$540,082,300
1992	785,161,863	(155,857,000)	\$16,461,509	645,766,372
1993	861,106,003	(158,523,000)	25,933,104	728,516,107

MA GRANTS
FORECAST INFORMATION

This table shows MA expenditures, by category of service, from FY 1988 to FY 1991 (projected).

State Share of MA Expenditures (000's)

	FY 1988	FY 1989	FY 1990	FY 1991
Nursing Homes	\$187,128	\$191,287	\$215,083	\$248,599
Therapies Billed by Nursing Homes	5,530	3,250	2,493	2,470
ICF/MR	46,053	47,112	50,817	56,127
Devel. Achievement Centers	8,808	10,193	11,410	13,688
MR/RC Waiver	10,862	19,552	23,705	28,631
ACG Waiver	1,958	2,106	2,808	2,925
Disabled Waiver (CADI)	-0-	313	717	1,694
Chronically Ill Waiver (CAC)	710	1,241	1,730	2,505
Waiver Screenings	-0-	305	321	357
State Reg. Tr. Center DD	44,144	40,712	41,550	43,109
State Operated Community Services	-0-	-0-	-0-	-0-
State Reg. Tr. Center MI-CD	5,245	5,436	8,631	9,247
Inpatient Hospital	76,564	79,605	90,482	92,645
Outpatient Hospital	10,710	13,351	12,487	14,472
Mental Health Centers	2,335	2,681	2,731	2,988
Physicians	25,518	31,485	33,055	37,425
Dental	5,737	5,742	6,802	7,556
Psychology	2,617	3,189	3,632	3,628
Special Education Services	-0-	-0-	-0-	84
Home Health	3,538	4,598	5,728	6,615
Nursing Services	3,570	6,457	12,652	20,577
Rehabilitation Serv.	3,782	4,745	5,373	6,351
Prescription Drugs	21,117	23,594	27,529	31,649
Med. Supplies	4,945	5,951	6,826	8,065
Med. Transportation	3,895	4,997	5,789	7,026
Capitation	12,737	14,767	14,804	26,014
Targeted Case Management	-0-	20	341	747
Other Practitioners	1,970	1,954	2,303	2,555
Other Services	2,944	3,487	4,226	4,541
Medicare Buy-In	2,288	3,050	7,886	9,103
Recipient Adjustments	(6,981)	(8,690)	(6,755)	(9,675)
Recoveries (to General Fund)	13,764	11,969	8,481	8,918
Residual (SWA minus Stat. Series)	(8,534)	2,880	5,437	-0-
Total	\$492,952	\$537,337	\$609,073	\$690,617
Collections	(\$159,232)	(\$148,749)	(\$143,236)	(\$150,535)
Net State share cost	\$333,720	\$388,587	\$465,837	\$540,082

MA GRANTS
FORECAST INFORMATION

This table shows the projected increases in MA expenditures under current law, compared with projected F.Y. 1991 expenditures. These increases do not include change requests included in this budget. They include only projected costs under current law.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
	(Thousands)	
Projected F.Y. 1991 State share cost:	\$690,617	\$690,617
<u>Projected Increases Under Current Law</u>		
Nursing home caseload	\$ 4,363	\$15,983
Nursing home rate inflation factor	12,927	24,581
Nursing home average payment: other changes	3,438	3,672
ICF/MR rate inflation factor	2,379	4,334
ICF/MR program upgrades	2,915	6,139
ICF/MR new beds, offset by closings	1,469	2,464
ICF/MR case-mix reimbursement	-0-	1,466
DAC caseload	1,078	2,799
DAC rates: inflation index	815	1,491
DAC rates: other changes	504	1,519
MR/RC waiver caseload	6,982	14,311
MR/RC waiver rates and intensity	2,422	5,094
State Regional Treatment Center DD caseload reduction	(2,716)	(4,386)
SOCS development	2,185	4,287
Disabled Waiver (CADI) caseload and rates	1,871	3,746
Chronically Ill Waiver (CAC) caseload and rates	808	1,793
Medically needy families caseload	7,853	14,531
Elderly and disabled caseloads	7,006	11,980
AFDC recipient caseload	7,674	8,350
Personal care and private duty nursing caseload and rates	7,278	12,627
Capitation expansion and capitation rates	12,661	12,062
Prescription drug costs	1,969	4,301
Inpatient hospital rates	4,423	9,880
Net of other changes	4,243	7,465
Total (Gross State Share)	\$785,162	\$861,106
Change in gross State share compared to F.Y. 1991	\$94,545	\$170,489
Projected collections	(\$155,857)	(\$158,523)
State cost for county share growth	16,462	25,933
Net State cost for F.Y. 1992 and F.Y. 1993	\$645,766	\$728,516
Change in net State cost compared to F.Y. 1991	\$105,684	\$188,434

MA GRANTS
FORECAST INFORMATION

COST PROJECTIONS BY CATEGORY OF SERVICE
WITH PROJECTED INCREASE OVER FY 1991 COSTS
(Thousands of Dollars: State Funds Only)

	Projected FY 1992	FY 1992 Increase over FY 1991	Projected FY 1993	FY 1993 Increase over FY 1991
Nursing Homes	\$269,326	\$20,727	\$292,835	\$44,236
Therapies Billed by Nursing Homes	2,464	(6)	2,546	76
ICF/MR	62,889	6,762	70,530	14,403
Devel. Achievement Centers	16,084	2,396	19,498	5,810
MR/RC Waiver	38,036	9,404	48,036	19,405
ACG Waiver	3,200	275	3,611	686
Disabled Waiver (CADI)	3,565	1,871	5,440	3,746
Chronically Ill Waiver (CAC)	3,313	808	4,298	1,793
Waiver Screenings	401	44	457	100
State Reg. Tr. Center DD	40,393	(2,716)	38,723	(4,386)
State Operated Community Services	2,185	2,185	4,287	4,287
State Reg. Tr. Center MI-CD	9,333	86	9,556	310
Inpatient Hospital	98,483	5,838	105,031	12,386
Outpatient Hospital	16,185	1,713	17,209	2,737
Mental Health Centers	4,128	1,140	4,955	1,968
Physicians	41,512	4,087	43,710	6,285
Dental	8,117	561	8,202	646
Psychology	3,935	307	4,200	572
Special Education Services	412	328	625	541
Home Health	7,994	1,380	8,891	2,277
Nursing Services	27,884	7,307	33,263	12,686
Rehabilitation Serv.	7,393	1,042	7,891	1,540
Prescription Drugs	36,270	4,621	40,339	8,690
Med. Supplies	9,563	1,498	10,506	2,440
Med. Transportation	8,519	1,493	9,569	2,543
Capitation	41,664	15,649	42,265	16,251
Targeted Case Management	1,140	393	1,340	594
Other Practitioners	2,735	179	2,869	314
Other Services	5,258	717	5,404	863
Medicare Buy-In	10,538	1,435	12,757	3,654
Recipient Adjustments	(6,186)	3,489	(6,250)	3,425
Recoveries (to General Fund)	8,430	(470)	8,512	(388)
Total	\$785,162	\$94,545	\$861,106	\$107,489
Projected collection	(\$155,857)		(\$158,523)	
State cost for co. share growth	16,462		25,933	
Net State share cost	\$645,766		\$728,516	

GAMC GRANTS
FORECAST INFORMATION

This table shows historical GAMC caseload and total expenditures, with projections for F.Y. 1991 - 1993.

Total GAMC Program						
<u>Fiscal Year</u>	<u>Monthly Average Recipient</u>	<u>Monthly Average Payments</u>	<u>Total Annual Payments</u>	<u>State Share</u>	<u>County Share</u>	<u>State Cost for County Share Growth</u>
1988	23,067	\$ 288.18	\$ 79,768,711	\$71,791,840	\$7,976,871	
1989	23,581	319.97	90,541,937	81,487,743	9,054,194	
1990	25,444	352.30	107,567,922	96,811,130	10,756,792	
PROJECTED						
1991	27,158	\$ 377.43	\$123,001,828	\$110,701,645	\$ 12,300,183	
1992	31,173	402.26	150,475,855	135,428,269	15,047,585	\$ 2,532,730
1993	33,257	399.96	159,620,308	143,658,277	15,962,031	4,363,654

This table shows GAMC expenditures, by category of service, from F.Y. 1988 to F.Y. 1991 (projected).

	(State Share Dollars, in Thousands)			
	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>
Inpatient Hospital	\$ 35,983	\$ 40,751	\$ 47,250	\$ 44,920
Outpatient Hospital	5,459	6,804	6,789	6,396
Physicians	10,904	13,456	14,826	14,599
Dental	2,839	2,572	3,150	3,166
Prescription Drugs	3,985	5,309	6,920	8,835
Optometric Services	445	379	511	555
Mental Health /Psych.	361	962	1,683	1,687
Targeted Case Management	-0-	-0-	198	583
Medical Supplies	664	679	818	884
Medical Transportation	993	1,525	2,207	1,958
Other Practitioners	473	540	694	622
Capitation	9,628	8,624	11,275	25,527
Other Services	58	(112)	491	968
Total	\$ 71,792	\$ 81,488	\$ 96,811	\$110,702

GAMC GRANTS
FORECAST INFORMATION

This table shows the projected increases in GAMC expenditures under current law, compared with projected F.Y. 1991 expenditures. These increases do not include change requests included in this budget; they include only projected costs under current law.

	(Thousands) <u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Projected F.Y. 1991 State share cost	\$ 110,702	\$ 110,702
<u>Projected Increases Under Current Law</u>		
Medically needy caseload	\$ 5,106	\$ 9,007
GA/WR caseload	13,373	19,118
Inpatient hospital rate increases	1,507	3,581
27th medical warrant writing	3,402	-0-
Other rate and utilization changes	1,339	1,251
 Total State share cost	 \$ 135,428	 \$ 143,658
State cost for co. share growth	2,533	4,364
Total State cost	\$ 137,961	\$ 148,022
Increase over F.Y. 1991	\$ 27,259	\$ 37,320

GAMC GRANTS
FORECAST INFORMATION

WITH PROJECTED INCREASE OVER FY 1991 COSTS

This table shows large increases in capitation costs because of the capitation of Hennepin County during FY 1991. The reductions in many service categories result from the shift to capitation.

	Projected FY 1992 -----	FY 1992 Increase over FY 1991 -----	Projected FY 1993 -----	FY 1993 Increase over FY 1991 -----
Inpatient Hospital	\$38,501	(\$6,419)	\$41,855	(\$3,065)
Outpatient Hospital	5,276	(1,120)	5,437	(959)
Physicians	14,017	(582)	14,406	(194)
Dental	3,223	57	3,306	140
Prescription Drugs	9,475	640	10,421	1,586
Optometric Services	665	109	687	131
Mental Health /Psych.	1,723	36	1,767	81
Case Management	808	224	1,069	486
Medical Supplies	1,052	168	1,086	203
Medical Transportation	1,680	(278)	1,699	(259)
Other Practitioners	460	(163)	463	(159)
Capitation	57,952	32,425	60,865	35,338
Other Services	598	(370)	595	(373)
 Total State share	 \$135,428	 \$24,727	 \$143,658	 \$32,957
 State cost for co. share growth	 \$2,533	 \$2,533	 \$4,364	 \$4,364
 Total State cost	 \$137,961	 \$27,259	 \$148,022	 \$37,320

PROG STRUCTUREAGENCY: HEALTH, DEPARTMENT OFPROGRAMPAGE

PROTECTIVE HEALTH SERVICES

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Disease Prevention and Control
Public Health Laboratories
Environmental Health
Health Promotion and Education

HEALTH DELIVERY SYSTEMS

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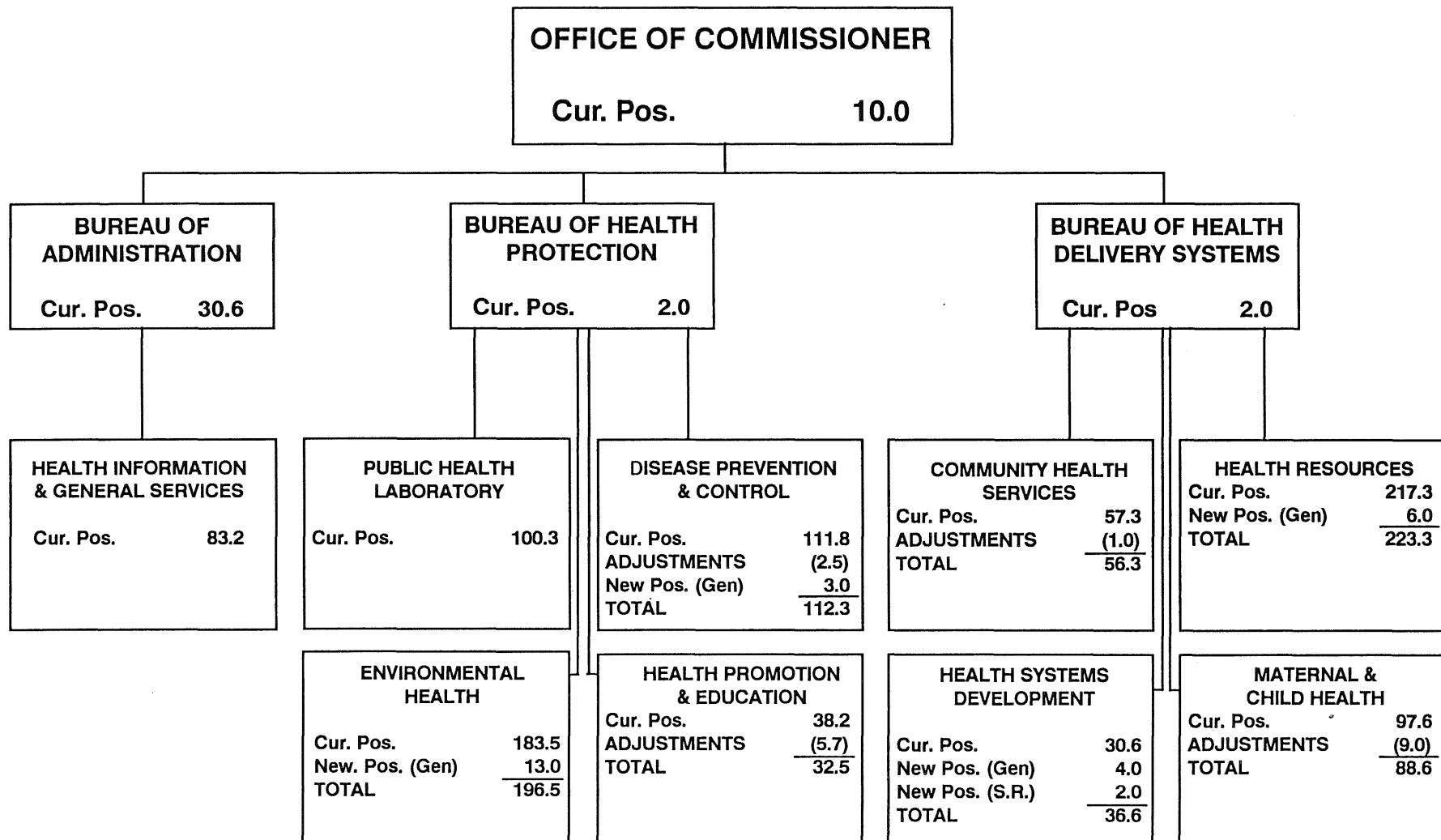
Maternal and Child Health
Health Systems Development
Health Resources
Community Health Services

HEALTH SUPPORT SERVICES

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Health Information and General Services
Management Support

Department of Health Organization Chart 8/1/90



Department of Health

Position and Employee Status Information

Position Reconciliation:

Authority:	Current FY 91	Requested For 6/30/93
Legislative Complement:		
General Fund	418.9	449.4
Special Revenue	287.7	302.0
LCWM Fund	1.0	1.0
Trunk Highway	16.0	14.5
Federal	202.2	197.3
Special Rev Direct	8.0	10.0
Gift		
Budgetary Authorized		
Federal	3.5	
Special Revenue	23.0	
LAC Approved:		
Federal	4.1	
Total Permanent Positions	964.4	974.2
Other Complement (FTE)	65.0	65.0
TOTAL Positions	1029.4	1039.2
Employees on 6/30/90	901	

Employees by Employment Status

	6/30/90
Full-Time Unlimited	770
Full-Time Temporary	67
Full-Time Emergency	13
Full-Time Seasonal	1
Part-Time Unlimited	19
Part-Time Temporary	26
Part-Time Seasonal	5
TOTAL	901

MISSION:

The mission of the Minnesota Department of Health (MDH) is to protect, maintain and improve the health of the citizens of Minnesota.

To achieve this end the MDH conducts public health studies and investigations; collects and analyzes health and vital data; identifies and describes health problems; designs, implements and supports programs and services for reducing morbidity and mortality; establishes and enforces health standards; provides education and technical assistance; coordinates local, state and federal health programs and services; assesses and evaluates the effectiveness and efficiency of health service systems and public health program efforts; and advises the Governor and the Legislature on matters relating to the public's health.

The department is organized into three programmatic areas: Protective Health Services, Health Delivery Systems and Health Support Services. These programs perform the functions listed above in order to achieve the following objectives:

- to prevent and control the transmission of communicable disease in Minnesota.
- to reduce the occurrence and severity of acute and chronic disease.
- to reduce the occurrence of disease and conditions that are environmentally induced, occupationally induced, and influenced by lifestyle choices and cultural norms.
- to ensure financial, geographic and cultural access to quality health care for all Minnesotans.
- to safeguard and promote the health and safety of persons receiving services from health care providers.
- to assure efficient and effective coordination of health related activities and services among state and local public health agencies.
- to improve decision making and health related planning and research at all levels of government and in the private sector.

MAJOR POLICY DRIVERS:

The following factors are shaping the development of policies and programs at the Health Department:

■ **AGING POPULATION**

The number and percentage of our population aged sixty-five or older is rapidly increasing. This creates a greater need for nursing homes, home care, and other services which are utilized heavily by the elderly. The Health Department needs to respond with increased efforts to ensure that this population group has access to quality services in as homelike a setting as possible.

■ **FEDERAL ACTION: LEGISLATION, FUNDING AND NEW REQUIREMENTS**

Recent federal policies that affect the operations of the Health Department include new federal legislation, funding restraints and new requirements for participation in federal programs.

Recent federal legislation, including nursing home and clinical lab regulation, have placed increased demands on the Health Department for program development and expansion. Existing federal programs, such as the Women, Infants and Children supplemental food program, are facing decreased revenues. The Health Department will have to address the problem of how, with

fewer resources, the needs of many high-risk groups can continue to be met. New federal requirements, such as data collection for measuring the Year 2000 Objectives, necessitate development of or changes in other programs.

■ **TECHNICAL ADVANCEMENTS AND THEIR BY-PRODUCTS**

Technical advancements provide knowledge and information which affect the Health Department in two ways: more health threats can be identified and more effective methods of interventions are available. As a result, there is an increased need to develop programs for protecting citizens.

Technical advancements in our society produce by-products which can be threatening to our health. These include toxic, radioactive and other hazardous substances. As a result, the Health Department has increased responsibilities for identifying and monitoring these substances and for reducing their health risks.

■ **RECOGNIZED NEED TO DEVELOP NEW AND DIFFERENT INTERVENTIONS FOR REACHING ALL POPULATIONS**

Many traditional public health interventions have proven very effective. However, they have not been equally effective with all groups. There is a growing realization that new methods of interventions need to be developed and implemented for reaching all citizens. For example, traditional non-smoking interventions have not been as successful in changing the smoking behavior of young women. Another example is prenatal care: our existing efforts to promote prenatal care have not had as much impact on some cultural and ethnic groups as they have had on others. The development of effective interventions for these populations could significantly improve the overall health of our State.

■ **INCREASES IN MEDICAL AND HEALTH CARE COSTS**

Increases in medical and health care costs create challenges for the Health Department, both to provide necessary services and to ensure that all Minnesotans have access to affordable health care. Related to the increase in medical and health care costs is a growing value of preventive health programs which can decrease the need for health care services. Access to prenatal care, for example, has been shown to be very cost effective.

■ **GREATER EMPHASIS ON LIFESTYLE FACTORS**

The importance of lifestyle factors, such as diet and physical activity, in preventing and/or reducing mortality and morbidity continues to receive strong support. More programs which encourage appropriate lifestyle behaviors need to be developed and implemented. An example of an existing one is the Non-Smoking Program.

■ **EMERGENCE OF NEW PUBLIC HEALTH PROBLEMS**

In recent years new public health problems have appeared, and existing problems have escalated. These include: "crack" babies, fetal alcohol syndrome, acquired immunodeficiency syndrome (AIDS), human immunodeficiency virus (HIV) infection, new challenges in food borne disease and the protection of drinking water quality. Programs must be created, enlarged or refocused to deal with these health care challenges.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

General Fund Budget Reallocation Decisions (BRD) and fee supported increases recommended are:

	(Dollars In Thousands)	
	F.Y. 1992	F.Y. 1993
Protective Health Service	\$ 925	\$ 1,056
Health Delivery Systems	579	637
Health Support Services	37	75
TOTAL AGENCY	\$ 1,541	\$ 1,768

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH,DEPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HEALTH PROTECTION	21,320	24,320	27,380	26,947	27,314	27,255	26,925	27,521	27,392
HEALTH DELIVERY SYST	76,314	91,534	92,504	87,610	87,133	91,146	87,591	87,259	101,018
SUPPORT SERVICES	10,298	11,572	11,834	12,143	12,080	12,072	12,221	12,136	12,121
TOTAL EXPENDITURES BY PROGRAM	107,932	127,426	131,718	126,700	126,527	130,473	126,737	126,916	140,531
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	36,007	42,663	47,751	46,771	46,436	50,382	46,796	46,744	60,359
SP REV DIRECT APPROP	177								
MN RESOURCES		292	446						
PUBLIC HEALTH	3,604								
STATE GOVT SPEC REV		135	196	173	335	335	172	298	298
TRUNK HIGHWAY	626	1,447	1,479	1,487	1,487	1,487	1,486	1,486	1,486
METRO LANDFILL CONTN	166	107	167	168	168	168	168	168	168
STATUTORY APPROPRIATIONS:									
GENERAL	139	158	166	314	314	314	328	328	328
STATE GOVT SPEC REV								105	105
SPECIAL REVENUE	13,117	16,079	18,565	18,019	18,019	18,019	18,019	18,019	18,019
TRUNK HIGHWAY	118	22							
FEDERAL	53,878	66,416	62,908	59,728	59,728	59,728	59,728	59,728	59,728
GIFTS AND DEPOSITS	100	107	40	40	40	40	40	40	40
TOTAL FINANCING	107,932	127,426	131,718	126,700	126,527	130,473	126,737	126,916	140,531

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: HEALTH, DEPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	131,631	131,631	47,917	47,917	20,806	20,806	62,908	62,908
ONE-TIME APPROPRIATIONS	<773>	<773>	<748>	<748>	<25>	<25>		
BIENNIAL APPROPRIATIONS	<7>	<7>	<7>	<7>				
APPROPRIATIONS CARRIED FWD	<1,289>	<1,289>	<1,289>	<1,289>				
BASE TRANSFER (BTWN AGENCIES)	<20>	<20>	<20>	<20>				
FUND CHANGE/CONSOLIDATION	<45>	<45>	403	403	<448>	<448>		
SALARY ANNUALIZATION	266	202	255	193	11	9		
ANNUALIZG NEW PROG COST	221	221	221	221				
DOCUMENTED RENT/LEASE INCR.	205	292	205	292				
LCMR FUNDED PROJECTS	<446>	<446>			<446>	<446>		
DEDICATED RECEIPTS AND FUNDS	<11>	<11>			<11>	<11>		
FEDERAL RECEIPTS	<3,180>	<3,180>					<3,180>	<3,180>
BASE TECHNICAL ADJUSTMENTS	148	162	148	162				
TOTAL	126,700	126,737	47,085	47,124	19,887	19,885	59,728	59,728
BIENNIAL TOTAL		253,437		94,209		39,772		119,456

ACTIVITY:
PROGRAM:
AGENCY: Health, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

DECISION ITEM: Financing Inflationary Costs - Informational

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund - Inflation	\$ 903	\$ 1,240	\$ -0-	\$ -0-
- Reallocations	\$ (903)	\$ (1,240)	\$ -0-	\$ -0-
Trunk Highway Fund - Inflation	\$ 16	\$ 34	\$ -0-	\$ -0-
- Reallocations	\$ (16)	\$ (34)	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

This Decision Item summarizes the Department's plans for reductions and/or budget adjustments in the event that salaries increase in the next biennium by 3.5% per year and increased appropriations are not available for the increased cost.

RATIONALE:

In order to assure that expenditures do not exceed resources as a result of possible increases in salary obligations the Department will in the first instance maintain a minimum of a 3% vacancy rate in authorized positions. It is estimated that a 3% vacancy rate will save \$512,000 in F.Y. 1992 and \$520,000 in F.Y. 1993. To the extent needed (based on negotiated settlement) the following activities will be reduced:

	Dollars in Thousands	
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Program 01		
Disease Prevention and Control	\$ 117	\$ 163
Public Health Laboratories		104
Environmental Health	170	240
Health Promotion and Education		41
Total Program 01	\$ 287	\$ 548
Program 02		
Health Systems Development	\$ 24	\$ 24
Community Health Services		57
Total Program 02	\$ 24	\$ 81
Program 03		
Health Information and General Support	\$ 80	\$ 91
Vacancy Management	\$ 512	\$ 520
GRAND TOTAL	\$ 903	\$ 1,240

ACTIVITY:**PROGRAM:****AGENCY:** Health, Department of

1992-93 Biennial Budget

RATIONALE:

These activities are supported by fees, are of a regulatory nature, and will experience an increase in costs. This request estimates the increase in costs to be 4.5% per year. This increase will be supported by fees.

DECISION ITEM: Financing Inflationary Costs In Revenue
Generated Activities**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with the agency plan but has adjusted recommended funding for an inflationary rate of 3.5% in order to be consistent with the assumptions that the agency made for activities not supported by fees.

AGENCY PLAN:

		Dollars in Thousands			
		<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Expenditures					
General Fund	\$	397	\$ 812	\$ -0-	\$ -0-
Revenues					
General Fund	\$	397	\$ 812	\$ -0-	\$ -0-

inflation
2-15-91 sam

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$	315	\$ 636	\$ -0-	\$ -0-
Revenues					
General Fund	\$	315	\$ 636	\$ -0-	\$ -0-

Requires statutory change: _____ Yes x No
Statutes Affected:

ITEM SUMMARY:

This decision item is for an inflation factor of 4.5% in salaries and supplies and expenses for all fee supported activities in the Department.

DESCRIPTION/BACKGROUND:

The 4.5% inflation was applied to the following activities:

Program 01	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Public Health Labs	\$ 73	\$ 158
Environmental Health	164	326
Total	\$ 237	\$ 484
Program 02		
Health Systems Development	\$ 32	\$ 65
Health Resources	91	188
Total	\$ 123	\$ 253
Program 03		
Health Information and General Support	\$ 31	\$ 63
Management Support	6	12
Total	\$ 37	\$ 75
GRAND TOTAL	\$ 397	\$ 812

ACTIVITY:
PROGRAM:
AGENCY: Health, Department of
DECISION ITEM: Budget Reduction Plan

1992-93 Biennial Budget

Program 01

F.Y. 1992

F.Y. 1993

AIDS
Non-Smoking
Dental Health
Total Program 01

\$	98	\$	98
	50		100
	9		
\$	157	\$	198

Program 02

MCH Formula
Services for Children with Handicaps Treatment
CHS Subsidy
Migrant Health
Indian Health
Poison Information
Ambulance Driver Reimbursement
Total Program 02

\$	36	\$	36
	106		106
	716		716
	6		6
	8		8
	20		20
	20		20
\$	912	\$	912

GRAND TOTAL

\$	1,069	\$	1,110
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This amount represents 5% of our grant programs with the exception of Family Planning and Women Infants and Children which were not reduced.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

General Fund	\$	(1,861)	\$	(1,835)	\$	-0-	\$	-0-
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GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$	(1,861)	\$	(1,835)	\$	-0-	\$	-0-
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Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This decision item summarizes the Department's plan for budget reductions in the 91-93 biennium. With the exception of Family Planning Grants and Women Infants and Children Food Supplement (WIC) program, a 5% reduction is shared equally with the Department's grantees.

RATIONALE:

Planned reductions in the Department; non-fee supported activities are:

Program 01

	F.Y. 1992	F.Y. 1993
Disease Prevention and Control	\$ 120	\$ 100
Public Health Laboratory	64	
Environmental Health	162	162
Health Promotion and Education	55	
Total Program 01	\$ 401	\$ 262

Program 02

Maternal and Child Health	\$ 109	\$ 153
Community Health Services	182	150
Total Program 02	\$ 291	\$ 303

Program 03

Management Support	100	160
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GRAND TOTAL	\$ 792	\$ 725
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These reductions represent both salary and various supply items. The Department does not believe that layoffs will be required if given time to implement, given authority to transfer funds between fiscal years and between supplies and salaries in order to avoid layoffs. Planned reductions in grant are:

ACTIVITY: 1992-93 Biennial Budget
PROGRAM:
AGENCY: Health, Department of

DECISION ITEM: MATCH Plan (Minnesotas Answer to Comprehensive Health)

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$ 2,361	\$ 12,637	\$ 12,669	\$ 12,901
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Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Requires statutory change: X Yes No

Statutes Affected: Chapters 62A, 62C, 62D; Chapter 144 (144.695-703); Chapters 62A, 62C, 62D; M.S. 144.1465 - 144.147, 144.70.

ITEM SUMMARY:

The Governor recommends an appropriation of \$1,761,000 in F.Y. 1992 and \$12,156,000 in F.Y. 1993 for the following purposes:

Small Employer Health Benefit Reform. Proposed changes in health plan regulation would improve the availability and affordability of health plan coverage for employees of small firms. Increased funding is requested for the purpose of the commissioner's review of rating practices for health carriers entering the small employer market. An appropriation is also needed for staffing a professional position for reinsurance task force.

Health Care Cost Containment. The commissioner of health is directed to analyze health care expenditure trends, insurance premium trends, and health care prices and quality, and report to the Legislature biennially with recommendations to strengthen the state's cost containment efforts. Additionally, the commissioner is directed to review the social and financial impact of proposed revisions to minimum health benefit laws, and prepare recommendations related to medical malpractice dispute resolution. A benefits and technology advisory committee will periodically advise the commissioner on matters of health care technology, benefits and coverage.

Administration. The commissioner of health, advised by citizens and health care experts, will prepare a statewide health plan to establish long-term goals for improving the health of Minnesotans. The commissioner will provide the Legislature with recommendations regarding health plan and managed care organization regulation. Funding is provided for private sector health care outcomes and effectiveness research, and the commissioner is directed to establish goals for public dissemination of such information.

Rural Health Care. Funds are provided for rural hospital planning grants and financial assistance,

and for physician and midlevel practitioner loan forgiveness. A newly established Office of Rural Health will administer rural health programs, assist rural communities and providers, and develop recommendations regarding nurse and nurse practitioner training, telecommunication technology, and related topics. The commissioner will enhance the state's health personnel data systems.

Pilot Project for Uninsured Low-Income Persons. Funding is requested for the purpose of creating a pilot project to provide health care coverage for the uninsured. Funds will be used to administer the project and to supplement individuals' and families' premium payments.

BACKGROUND:

Small Employer Health Benefit Reform. Throughout Minnesota, small employers are cancelling or not purchasing health care coverage for their employees as a result of the prohibitive cost of such coverage. This article would allow employers with 2 - 29 employees to purchase a minimum benefit package. It sets forth the level of benefits and creates a reinsurance association to minimize risk. Prior to the establishment of the reinsurance association, a task force will be appointed for six months to develop rules and guidelines for the association.

Health Care Cost Containment. Rising health care costs are creating fiscal strain on government, business, and individuals. Excessive use of advanced medical technologies, expansion of mandated benefits, and medical malpractice suits are thought to contribute to cost increases. Health care purchasers are hindered in making prudent decisions by the absence of information on health service prices and quality.

Administration. In the past, the state relied on federal funds, no longer available, to develop health goals and guide state health program activities. The state's health plan regulatory structure was established years ago. In the rapidly changing medical care marketplace, the health plan coverage offered by HMOs, commercial insurers, and nonprofit health service corporations has changed and become more complex over time. It is possible that the state's current regulatory structure is inequitable in treating similar entities differently, and insufficient for safeguarding consumers' access to covered services.

Rural Health Care. Demographic and economic changes in rural Minnesota, combined with major changes in health care financing and delivery, have combined to threaten the viability of rural community health care delivery systems. Many small rural hospitals are in financial jeopardy; eight rural Minnesota communities have lost their hospital since 1985. Physicians, nurses and other health personnel are in short supply in many rural areas, and both hospital financial condition and personnel shortages are expected to worsen without deliberate efforts to address the problems.

Pilot Project for Uninsured Low-Income Persons. More than 300,000 Minnesotans are uninsured and 18% of those uninsured are children. The state has a vested interest in ensuring that these people have adequate, cost-effective health care. For the purposes of the pilot project, the Commissioner of Health will contract with a health plan to provide a minimum benefit package to persons who enroll in the project. The enrollee will be responsible for a contribution of 10% of

his/her taxable income toward the cost of the premium. The state will contribute the remainder of the premium directly to the health plan. In addition, a "wellness rebate" of up to 50% of the enrollee's contribution will be given to those enrollees who lead a healthy lifestyle (e.g., nonsmoker, regularly exercise, no alcohol, etc.). The pilot project is limited to \$10 million. The pilot project will be evaluated and recommendations made to the legislature by January 15, 1995 as to the effectiveness of the project.

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ACTIVITY:
(Continuation)

1992-93 Biennial Budget

PROGRAM:

AGENCY: Health, Department of

RATIONALE:

Small Employer Health Benefit Reform. Allowing the small employer to purchase health care coverage for their employees at a less expensive cost will partially address the problem of uninsured Minnesotans. One FTE position should be adequate to staff the task force.

Health Care Cost Containment. Mandated benefits and medical malpractice liability are governed by current law. These statutes need to be reexamined to strengthen incentives for efficient provision of effective medical care with appropriate consumer safeguards. To begin community deliberations about balancing costs and access, an ongoing, joint citizen-health care expert health care technology and benefits advisory committee is needed.

Administration. The scarcity of public funds requires that government focus resources on the most pressing needs and administer programs efficiently. A statewide health planning process, conducted in light of federally designated nationwide health improvement goals, will enable state officials to prioritize and implement effective state health programs. Health plan market changes necessitate a reexamination of state regulation of health plans and managed care organizations, to ensure that the state has the least restrictive yet effective regulatory structure consistent with consumer protection. The importance of increasing providers' and purchasers' knowledge of effective medical procedures necessitates allocation of state resources to augment private research efforts on medical care protocols, outcomes, and effectiveness.

Rural Health Care. Rural Minnesota communities and medical care providers urgently need strategic planning assistance, technical assistance, and limited short-term financial assistance from both state government and private organizations to preserve access to basic health care. A state-agency based Office of Rural Health is needed to coordinate the many ongoing private sector, federal, and state activities to improve rural health care delivery.

Pilot Project for Uninsured Low-Income Persons. The agency believes that additional positions and funds will be needed to implement, monitor and evaluate the pilot project. In addition, funding will be needed for an appropriation for the state's portion of the premium.

PROGRAM: Protective Health Services
Agency: Health, Department

1992-93 Biennial Budget

PROGRAM PURPOSE:

Protective Health Services exists to prevent and control acute and chronic disease, promote positive health behaviors and to protect Minnesota citizens from public health hazards. To achieve these ends the Protective Health Services Program includes the following activities: Disease Prevention and Control, the Public Health Laboratory, Environmental Health, and Health Promotion and Education.

Disease Prevention and Control

Disease Prevention and Control strives to prevent and control acute and chronic disease in Minnesota. This is done through the collection of information on disease occurrence in Minnesota and the development of appropriate prevention and control strategies which respond to these diseases.

Public Health Laboratory

The Public Health Laboratory provides the Health Department and other state and local agencies with timely access to laboratory testing services of consistent quality. The Laboratory performs tests on human specimens and on environmental samples and regulates private laboratories in Minnesota.

Environmental Health

Environmental Health protects Minnesota citizens from environmental hazards. Actual and potential risks are minimized and controlled through education, technical assistance and regulation.

Health Promotion and Education

Health Promotion and Education (HP&E) encourages and supports health behaviors in Minnesota citizens that promote health and prevent diseases or conditions that are influenced by lifestyle choices and cultural norms. This activity also promotes early detection of and optimal follow-up care for diseases and conditions for which effective primary prevention measures are not available.

PERFORMANCE:

The Protective Health Services Program addresses the following basic needs: acute and chronic disease reduction and prevention, the assurance that quality laboratory testing is available in a timely fashion, citizen protection from environmental health hazards, and encouragement of behaviors that promote optimal health.

Disease Prevention and Control

- This activity maintains surveillance of selected chronic diseases, conducts epidemiologic investigations of populations exposed to cancer-causing agents and provides epidemiologic analyses of chronic disease patterns in Minnesota. This information is needed to design prevention and control programs for reducing morbidity and mortality resulting from chronic disease. In 1990 80 cancer clusters were investigated and 22,000 cancers were registered.
- The activity monitors the State for the occurrence of communicable diseases. This information is needed to design specific programs for control of vaccine-preventable disease, sexually transmitted disease and tuberculosis. In 1990 410 new AIDS cases and 95 new active tuberculosis cases were reported.
- The activity investigates disease outbreaks and institutes prompt and appropriate measures to control the spread of identified cases of acute disease. In 1990 70 large acute disease outbreaks were investigated, and data was obtained and analyzed on 15,000 acute disease cases.
- The activity designs and implements programs to prevent or eliminate acute diseases. The promotion of immunization programs has resulted in an immunization rate of 99.4% for children

in grades K-12 in 1990. Newly arrived refugees are given health screenings and provided with treatment, if necessary. There are twenty-eight state supported counseling and testing sites aimed at controlling the spread of the AIDS virus and reducing the incidence of sexually transmitted disease (STD). In 1990 1,800 individuals were followed up by the AIDS contact notification unit.

- The activity provides information, training and technical consultation to health personnel, state agencies and communities. Activities provided in 1990 included: 7 AIDS/STD community education projects which reached 24,500 individuals, 2,600 technical consultations to health providers, 18 AIDS/STD community risk reduction programs.

Public Health Laboratory

- The Laboratory tests approximately 70,000 newborns annually for each of four different metabolic diseases and transmits test result information to Maternal and Child Health. Maternal and Child Health follows up on infants with identified disease conditions to ensure that treatment which may prevent or delay disease is provided.
- The Laboratory tests more than 121,000 microbiological specimens annually for disease-causing agents. Information from these tests is used by Disease Prevention and Control to monitor the occurrence of disease throughout the State, and it provides diagnostic assistance to physicians and clinics.
- In 1990 the Laboratory performed 68,000 tests for various contaminants and constituents in the indoor and outdoor environment. The information from these tests was used by environmental control programs in the Department, as well as by those in other State and local agencies.
- In 1990 51 laboratories were regulated by the Laboratory. Inspections and reviews of proficiency data ensured that the quality of tests performed by these laboratories was adequate. The Laboratory licenses private laboratories which perform drug and alcohol tests on Minnesota employees and certifies laboratories which test environmental samples to meet certain state environmental program needs. It is anticipated that 167 labs will be regulated in 1991.
- Changes in equipment and methodology in the labs during the past year have resulted in improvements in efficiency and reliability. Between 1990 and 1991 selected bench hour rates were reduced by 11%, turnaround times by 25%, and the rate of repeat sampling by 9%.

Environmental Health

- Environmental Health protects Minnesota citizens from environmental contaminants in their drinking water by monitoring the State's 1,000 community, 1,500 nontransient, and 9,500 noncommunity public water supplies for contaminants. Minnesota has one of the country's highest compliance rates with federal Safe Drinking Water requirements. There have been no reported outbreaks of waterborne illnesses associated with public drinking water supplies in the last decade. In addition, this activity enforces the State laws and rules which deal with the proper construction and sealing of wells and installation of plumbing.
- Environmental Health protects citizens from unnecessary exposure to other potentially harmful environmental impacts through a network of regulatory programs. These efforts are directed at discovering and correcting risks before they result in harm. The Activity routinely needs to issue corrections to about 10% of the food, beverage, and lodging establishments that it inspects, 15% of x-ray facilities, 50% of employers inspected under the Occupational Safety and Health Act, 55% of plumbing projects installed by non-licensed plumbers, 55% of asbestos removal projects, and 20% of facilities inspected for compliance with the Minnesota Clean Indoor Air Act.
- The Health Risk Assessment Activity calculates and communicates to Minnesota citizens the potential threat of hazards in the environment. In 1990 these calculations were used for the following: seven Superfund cleanups, about 100 private well advisories, five Environmental Impact Statements, the production of the Minnesota Fish Consumption Advisory, and two environmental rule making activities.

- Environmental Health encourages local units of government to apply for and receive authority to run its regulatory programs through formal delegation agreements. Currently, 65% of the State's public facilities are licensed by local programs.

Health Promotion and Education

- HP&E conducts statewide mass media campaigns to discourage tobacco use and funds and provides technical assistance to local agencies and organizations for the promotion of tobacco-free lifestyles. Adult smoking rates in Minnesota have declined from 30% in 1981 to 21% in 1989.
- HP&E provides nutrition education and technical assistance/expertise to the general public and health professionals; conducts applied research in nutrition; and develops guidelines for nutrition assessment, intervention and surveillance activities to reduce behavioral risk factors associated with nutrition-related disease. A pilot prenatal and pediatric nutrition surveillance activity has been completed, cholesterol screening and education guidelines have been developed for community cholesterol screening activities, and the WIC Education Manual has been revised.
- HP&E provides technical assistance, education and funding to reduce the prevalence of dental disease in Minnesota, particularly among children. Approximately 32,000 Minnesota children participate in fluoride mouthrinse programs, seven dental sealant demonstration projects have been initiated, two additional schools have implemented fluoridation of their water supplies, an occupation health survey assessed the risk of HIV infection in dental offices, and strategies have been identified to reduce the prevalence of baby bottle tooth decay.
- HP&E addresses diabetes and breast and cervical cancer in Minnesota. Federally funded diabetes monitoring, tracking and quality assurance programs have been established in eleven additional primary care clinic sites, a State Plan to Prevent Disability from Diabetes has been completed, and two new federal grants will allow the development of pilot projects in Hennepin County and a statewide plan for breast and cervical cancer screening.

PROSPECTS:

Disease Prevention and Control

- Minnesota is experiencing an alarming increase in the incidence of STD. In 1990 more than 11,000 cases were reported, compared to 7,503 in 1986. In addition to the morbidity resulting from STD, this trend may be associated with an increase in the transmission of the AIDS virus.
- Because of epidemics of measles in Minnesota, especially among unimmunized inner city populations and older college/high school aged students, programs are needed to ensure that young children receive a first dose of measles by 15 months of age and that a second dose of measles vaccine is received at age 12-13 years. Intervention efforts may interface well with existing State services, such as the Women, Infants and Children clinics. The requirement for a second dose of vaccine may well result in increased pressure on the available supply of subsidized vaccine.
- As cancer surveillance data is compiled and analyzed, a need will develop to follow-up on and investigate unusual clusters or increases of cancer in certain populations. For example, early reports indicate the rate of prostate cancer in Minnesota is higher than expected. Presently there is a shortage of staffing for the cancer surveillance system, as funding was based on 11,500 fewer reports than are actually encountered.
- Due to recent advancements in laboratory testing for the infection which causes Lyme Disease, it is now possible to more fully characterize the epidemiology of Lyme Disease, including both

acute and chronic manifestations. This technical development makes it possible to accurately describe the problem in Minnesota and recommend more targeted and effective control strategies.

Public Health Laboratory

- The workload of Public Health Laboratories is dictated by other activities in the Health Department. New Safe Drinking Water monitoring requirements will significantly expand the testing needs of state environmental programs. A portion of this increased workload will be contracted to private certified labs. This will require increased lab regulation by the Public Health Laboratory to ensure that testing by private labs is of high quality.
- New and improved methodologies which may enable Public Health Labs to produce more reliable results in less time are constantly being developed. To ensure that new methodologies employed are most appropriate, these methodologies need to be reviewed and analyzed.
- Lab equipment deteriorates with use and eventually maintenance and repair become more expensive than purchasing new equipment. Failure to update could result in cost inefficiencies and delays in producing results.
- Increased real and potential regulatory activities of the Public Health Laboratory create a need for ongoing training of Laboratory staff to ensure the data produced are consistent and reliable. In addition, Public Health Laboratories needs to identify training needs of the private laboratory sector. The Centers for Disease Control are supporting the development of a national public health laboratory training network. The Department will organize and sponsor self-supported workshops and seminars.

Environmental Health

- The federal Safe Drinking Water Act Amendments require, over time, an increase in the number of contaminants and water supplies that must be monitored. No comparable increases in federal funding are expected. The cost of the increased regulation for F.Y. 1993 will be \$1.2 million. Options for funding include establishment of a fee system.
- The number of abandoned wells being sealed has been increasing in recent years. It is expected that the number will accelerate in 1991 when new reporting requirements call for the disclosure of wells at the time of property transfers. This will result in the need for the establishment of a new data management system on wells. The recommended option for funding this data system is the establishment of a \$10 certification fee to be paid at the time of reporting. As more abandoned wells are sealed, the threat of groundwater contamination is reduced.
- Inadequate plumbing installations continue to be a public health problem. This problem is expected to increase as the development of new materials and methods in the plumbing industry create more installation problems. This need could be addressed through required statewide licensure of plumbers, improvements in the licensing requirements, a more advanced and accelerated plan review, and amendments of the plumbing statute. Funding for the activity could be generated through the establishment of new fees.
- To reduce the number of contaminant incidents in public water supply wells and prevent future problems with contamination of public water supplies, a statewide wellhead protection activity is being developed and implemented. This is a complicated and controversial program that will require extensive and sensitive staff involvement.
- To meet the statutory requirements of inspecting x-ray machines, one additional staff person will need to be hired. Funding could be generated from increased fees.
- The use of naturally occurring radioactive materials (NARM) in medical technology applications has been increasing in recent years. No activity is in place to regulate the procurement and day-to-day handling of the materials. A regulatory activity may need to be developed in the future.
- More lead poisoning cases are occurring in Greater Minnesota. More attention to this problem

PROGRAM: Protective Health Services
(Continuation)
Agency: Health, Department

1992-93 Biennial Budget

needs to be directed outside the metropolitan area.

Health Promotion and Education

- State funding of the nonsmoking activity was reduced by \$473,000 in 1990. In order to maintain the current decline in smoking rates additional strategies must be employed. One possibility is an increase in the state excise tax for cigarettes and other tobacco products. Study has indicated a 10% increase in retail price can be expected to result in a 5% decrease in consumption.
- Reductions in morbidity and mortality resulting from alcohol and drug use, poor nutrition, lack of physical activity and injuries require a primary prevention strategy and a multi-faceted approach to enable communities to create environments that encourage and support healthy behaviors.
- More than 85,000 Minnesotans have diabetes and virtually all will suffer from complications of the disease over time. At least 50% of these complications can be prevented. Attention needs to be given to implementation of recommendations for prevention contained in the State Plan to Prevent Disability from Diabetes.

PLAN:

Because of the severe restraints on available resources, the Program's plan involves only those activities that can be fee recovered.

Disease Prevention and Control

- The Department proposes to use \$125,000 of the \$165,000 allocated for assisting hospitals in development of computerized reporting systems to support the needed increase in staff for cancer surveillance. The staffing for this system was estimated in 1985 based on 31,500 pathology reports. The number of reports actually encountered is 43,000, a 35% increase.

Environmental Health

- The Department proposes to cover the costs of supporting the data storage and retrieval of well disclosures required at the time of property transfer (Minnesota Statutes, 103I.235), by requesting a \$10 fee for filing the well disclosure certificates. This will require a statutory change. Without an automated system, the Department cannot service requests for information about well status in a timely and efficient manner. For equipment and purchased service for data entry \$166,000 will be needed in F.Y. 1992 and \$44,000 in F.Y. 1993. The \$10 filing fee will also recover \$234,000 in 1992 and \$356,000 in 1993 in program costs currently unsupported by fees.
- The Department proposes to increase staff in the x-ray inspection program that will increase the number of x-ray machines inspected and thereby more closely comply with the legislative mandate to inspect x-ray machines every four years. Proposed changes in x-ray rules to include more procedures for ensuring adequate protection of the public from radiation exposure will increase the number of parameters to be inspected and add to staff time needed for inspections. In FY 1992, \$116,000, and in F.Y. 1993, \$94,500 will be needed to support one professional and one clerical position. The Department amended the fee schedule for x-ray registrations in June 1990 to cover the costs of the proposed increases in staffing.
- The Department proposes to expand the plumbing program to ensure broad protection of water supply construction for public health and safety. The Department is requesting statutory amendments to expand and improve plumbing code enforcement and establish new fees to support the expanded program. An increase in current fees for licensing are also proposed. To support eight professional and two clerical positions \$406,000 will be required in F.Y. 1992 and \$433,000 will be required in F.Y. 1993.

- The Department is unable to identify existing resources to fund the \$1,150,000 needed in F.Y. 1993 to continue expansion of the Safe Drinking Water Program, as indicated in legislation adopted in 1990. An option for funding would include establishment of a fee system.

General Fund Budget Reallocation Decisions (BRD) and fee supported increases recommended for this Program are:

(Inflation when noted is 4.5% per year.)
(Dollars In Thousands)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Cancer Surveillance -		
Salary	\$ 125	\$ 125
Supply & Expense	(125)	(125)
Laboratory-Inflation Increases	73	158
Environmental Health-Inflation	164	326
X-Ray Inspection-Supported by fees	116	95
Well Disclosure Information	166	44
System-Supported by fees		
Expansion of Plumbing Program-Supported by fees	<u>406</u>	<u>433</u>
TOTAL	\$ 925	\$ 1,056

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan except where noted in the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH,DEPT OF
PROGRAM: HEALTH PROTECTION

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DIS PREV & CONTROL	8,158	8,362	8,326	8,072	7,854	7,854	8,064	7,866	7,866
PUBLIC HEALTH LABS	4,261	4,339	4,806	4,834	4,843	4,830	4,827	4,985	4,951
ENVIRONMENTAL HEALTH	5,746	8,494	11,049	10,833	11,523	11,477	10,828	11,564	11,469
HEALTH PROMOTION & EDUC	3,155	3,125	3,199	3,208	3,094	3,094	3,206	3,106	3,106
TOTAL EXPENDITURES BY ACTIVITY	21,320	24,320	27,380	26,947	27,314	27,255	26,925	27,521	27,392
DETAIL BY CATEGORY:									
STATE OPERATIONS	17,441	20,942	24,190	23,757	24,281	24,222	23,735	24,529	24,400
LOCAL ASSISTANCE	3,879	3,378	3,190	3,190	3,033	3,033	3,190	2,992	2,992
TOTAL EXPENDITURES BY CATEGORY	21,320	24,320	27,380	26,947	27,314	27,255	26,925	27,521	27,392
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	10,021	14,255	15,840	16,223	16,590	16,531	16,187	16,783	16,654
SP REV DIRECT APPROP	124								
MN RESOURCES		292	446						
PUBLIC HEALTH	1,755								
METRO LANDFILL CONTN	144	85	145	146	146	146	146	146	146
STATUTORY APPROPRIATIONS:									
GENERAL	139	158	166	314	314	314	328	328	328
SPECIAL REVENUE	1,995	2,239	2,854	2,354	2,354	2,354	2,354	2,354	2,354
TRUNK HIGHWAY	118	22							
FEDERAL	6,959	7,205	7,906	7,887	7,887	7,887	7,887	7,887	7,887
GIFTS AND DEPOSITS	65	64	23	23	23	23	23	23	23
TOTAL FINANCING	21,320	24,320	27,380	26,947	27,314	27,255	26,925	27,521	27,392

ACTIVITY: Disease Prevention and Control
PROGRAM: Health Protection
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Minnesota Cancer Surveillance System (MCSS)

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Revenues					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	
Revenues					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency requests the addition of 3 full-time employees to the MCSS complement: One Health Program Representative and 1 Database Quality Analyst who will work on processing and managing the increased number of cancer reports submitted to the MCSS; and 1 Epidemiologist I who will use the data from MCSS to describe the type and extent of specific cancer risks for use by others in developing programmatic interventions.

The Department proposes to transfer \$125,000 from professional and technical services to cover the increased salary obligation.

BACKGROUND:

The MCSS is now in its third year of operation. The activity leading up to the development and implementation of the MCSS started nearly 10 years ago in 1981. The purpose of the MCSS is to: (1) monitor the occurrence of cancer in the state; (2) promote high-quality applied cancer research; (3) inform health professionals and educate citizens regarding specific cancer risks; (4) answer public concerns and questions about cancer; and (5) guide decisions about how to target cancer control resources.

Based on Iowa's S.E.E.R. age-specific incidence rates, we expected 16,311 newly diagnosed cancers in Minnesota residents for 1988. MCSS actually identified 17,753 new, histologically confirmed cancers in Minnesota residents. Compared to Iowa, that is a substantial (50%) increase over the expected level of prostate cancers. The increase in prostate cancer incidence, nearly 800 more cases than expected, is being evaluated extensively. It does not appear that differences in the methods of cancer case ascertainment explain the increase.

Currently, \$165,000 of the annual MCSS budget is allocated to a grants program which has been used for assisting hospitals in managing cancer patient information and reporting more efficiently through new and improved computerized systems. The needs from this program are winding down as those hospitals and laboratories that are reporting have taken advantage of the grants program. The needs of MCSS for data management, however, have increased through the increased numbers of reports needing to be managed and the need to provide careful interpretations of the findings to assure that specific cancer risks are characterized and evaluated.

STATISTICS:

	<u>F.Y. 1990</u>	<u>Est.</u> <u>F.Y. 1991</u>	<u>Est.</u> <u>F.Y. 1992</u>	<u>Est.</u> <u>F.Y. 1993</u>
Cancer Reports	43,000	43,200	43,400	43,600
Confirmed, New Cancers	18,000	18,100	18,200	18,300

RATIONALE:

With the experience of almost 3 years of operation, the MCSS must be modified from its planned mode of operation in 1985 (when 31,500 reports were estimated) and the real operating environment of 1990-91 (when 42,674 reports were received). There are 2 problems which must be solved before modifications can take place: (1) staffing is inadequate to deal with the increased number of cancer reports being received, and (2) there is no activity to translate findings from the MCSS into programmatic implications.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY: Environmental Health
 PROGRAM: Health Protection
 AGENCY: Health, Department of

1992-93 Biennial Budget

RATIONALE:

To increase the number of x-ray machines inspected and thereby more closely comply with the legislative mandate to inspect x-ray machines every 4 years at least 1 professional and 1 clerical are needed. In addition, equipment and training will also be needed. The Department is requesting funding to support the increased staff and necessary equipment. The staff will be spending more time inspecting machines once the revised rules are in place in 1991.

The Department has increased x-ray machine registration fees to cover the costs of inspections and related equipment.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan but has adjusted recommended funding for an inflationary rate of 3.5% in order to be consistent with the assumptions the agency made for activities not supported by fees.

DECISION ITEM: X-Ray Facility and Equipment Inspections

		Dollars in Thousands			
		F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:					
Expenditures					
General Fund	\$	116	\$ 95	\$ 95	\$ 95
Revenues					
General Fund	\$	100	\$ 100	\$ 100	\$ 100

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$	116	\$ 94	\$ 94	\$ 94
Revenues					
General Fund	\$	100	\$ 100	\$ 100	\$ 100

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The Agency requests an increase in staff for the x-ray program that will increase enforcement of the state's ionizing radiation rules and reduce unnecessary radiation exposure of the public.

DESCRIPTION/BACKGROUND:

The inspection insures that the x-ray machine and procedure for use are in accord with state ionizing radiation rules.

The Department's existing staff commitment to the x-ray inspection program is 4.5 professional and 2 clerical. They can inspect only about 2,000 x-ray machines per year out of the current 11,000 machines. To comply with the 4 year inspection mandated by M.S. 144.121, 2,750 x-ray machines would need to be inspected each year. Additionally, records indicate that there is a 2% increase in the number of x-ray machines each year.

STATISTICS:

	F.Y. 1990	Est. F.Y. 1991	Est. F.Y. 1992	Est. F.Y. 1993
Registered Sources	6,200	6,324	6,450	6,580
Radiation Safety Survey	1,961	2,300	2,100**	2,300
Estimated Percentage with Serious Deficiencies	6	6	8*	8
Estimated Percentage of Sources Requiring Formal Follow-up Action to Correct Deficiencies	3	3	4*	4

* A change in rules in F.Y. 1991 will cause more parameters to be inspected, thus more deficient sources.

** Drop in survey rate due to new procedures, training, more to inspect.

ACTIVITY: Environmental Health
PROGRAM: Health Protection
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Expansion/Revision of Plumbing Program

plumbers and water conditioning contractors; and certification of local plumbing inspectors. Water supplies are not protected if plumbing is improperly done. Currently between 1,200 and 1,5000 unlicensed plumbers work in the state in cities of less than 5,000 where no license requirement exists and these have a higher percentage of projects that do not comply with the code when inspected. In recent years, approximately 55% of problem projects inspected by the state were installed by unlicensed plumbers.

STATISTICS:

		Est.	Est.	Est.
	F.Y. 1990	F.Y. 1991	F.Y. 1992	F.Y. 1993
Plans Reviewed	\$ 650	\$ 700	\$ 850	\$ 950
Licenses Issued and Renewed	5,500	5,550	7,000	7,000
Plumber Apprentice Registration	1,100	1,100	1,200	1,200
Plumber Exams Administered	450	500	1,200	1,200
Plumbing Inspections (on-site)	3,000	3,000	6,000	6,000

RATIONALE:

An expanded program is needed to ensure broad protection of water supply construction for public health and safety. The Department is requesting amendments to the law and adequate funding to improve its enforcement, education, and local program assistance related to the plumbing code. The additional positions would include 2 engineers for plan reviews, 5 inspectors, 2 clerical support and a training coordinator. Approximately 75% of plumbing projects could be inspected and plan review would be shortened from 6 weeks to 3 weeks. Improved assistance to local inspectors and education opportunities for licensees would be available. The Department recommends that new fees be established for plumbing plan review and existing license fees be increased to generate revenue sufficient to offset the costs of the complete program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan but has adjusted recommended funding for an inflationary rate of 3.5% in order to be consistent with the assumptions the agency made for activities not supported by fees.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
General Fund	\$ 406	\$ 433	\$ 433	\$ 433
Revenues				
General Fund	\$ 400	\$ 450	\$ 450	\$ 450

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 394	\$ 409	\$ 409	\$ 409
Revenues				
General Fund	\$ 400	\$ 450	\$ 450	\$ 450

Requires statutory change: X Yes No
Statutes Affected: M.S. Chapter 326

ITEM SUMMARY:

The Department requests support for an expanded plumbing program that will ensure adequate public health protection through expansion of application of the plumbing code and increased enforcement of the code.

BACKGROUND:

The Minnesota Plumbing Code, enacted in 1933, provides for licensure of plumbers, water conditioning contractors and installers, and apprentices. The last major revision occurred in 1969. Although the code applies in all cities with municipal water or sewer systems, in all public buildings, and wherever the state building code applies, gaps which could adversely affect the public health exist. For example, cross connections between potable water systems and waste water systems or systems carrying toxic chemicals, improper venting of systems and improper use of plumbing materials all endanger the public health. Additionally, it has been enforced by a minimal staff of 6 professional and 2 clerical, who are able to inspect only 25-30% of plumbing projects on public facilities and provide minimal assistance to local inspectors in addition to plan reviews and licensing responsibilities. An ad hoc Advisory Work Group consisting of broad industry, governmental and public representation convened to examine the program and recommended several changes and improvements to the program including: statewide licensing for plumbers, water conditioning contractors and installers; mandatory bonding for all master plumbers; continuing education for

ACT Y: Environmental Health
PRO M: Health Protection
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Well Disclosure Information System

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

General Fund	\$ 166	\$ 44	\$ 44	\$ 44
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Revenues

General Fund	\$ 360	\$ 360	\$ 360	\$ 360
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GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$ 166	\$ 44	\$ 44	\$ 44
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Revenues

General Fund	\$ 360	\$ 360	\$ 360	\$ 360
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Requires statutory change: X Yes No

Statutes Affected: M.S. Chapter 103I

ITEM SUMMARY:

The Department requests support to effectively implement a system for the data storage and retrieval of well disclosures as required by M.S. 103I.235.

DESCRIPTION/BACKGROUND:

Effective November 1, 1990, property transfers must be accompanied by a well disclosure certificate which details the status and location of all wells on the property. The county recorder or registrar of titles must transmit the well certificate to the Department within 15 days of receipt. The Department is obligated to provide the well certificate forms. Approximately 40,000 forms are anticipated to be filed annually and the information from them must be entered onto an automated data management system for future use by homeowners, home buyers, real estate agents, attorneys, and other affected parties in addition to the Department. To cover the costs of this well disclosure information system the Department recommends that a \$10 fee be attached to the filing of the certificate.

RATIONALE:

At the time of passage of the law, the magnitude of the disclosure data base was not known and no provision was made for its funding. With 40,000 certificates now estimated to be received by the Department annually, the staff resources and equipment dedicated to processing disclosure certificates is significant. Information from the disclosure certificates must be entered onto a well inventory data base for access by multiple users. Additionally, the disclosure certificates themselves must be filed and stored so as to be quickly retrievable for use by home buyers and sellers, real estate agents, attorneys, etc. Annual costs to print and distribute and certificates and to purchase

data entry services are estimated at \$49,000. Capital costs associated with the upgrade of an existing computer system to store the additional inventory data and the purchase of an optical scanner to minimize staff time required to file, store and retrieve the certificates are estimated to be \$122,000. Additionally, a portion of the \$10 fee, estimated at \$40,000, would reimburse the county recorders for expenses related to the transmittal of certificates to the Department. The remainder of the \$400,000 estimated to be collected annually would be applied to the support of eight positions which currently provide assistance and expertise in the well program but whose costs (\$267,500) are not presently being recouped by program fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

FEDERAL GRANT TITLE: Preventive Health and Health Services 1992-93 Biennial Budget Block Grant
AGENCY: Health, Department of
STATE LEGAL AUTHORITY: M.S., Section 144.05

GRANT OBJECTIVES:

These block grant funds are intended by federal law to be used for the following:

1. Preventive health service programs for the control of rodents, and community and school-based fluoridation programs;
2. Establishing and maintaining preventive health service programs for screening for, the detection, diagnosis, prevention, and referral for treatment of, and follow-up on compliance with treatment prescribed for, hypertension;
3. Community-based programs for the purpose of demonstrating and evaluating optimal methods for organizing and delivering comprehensive preventive health services to defined populations, comprehensive programs designed to deter smoking and the use of alcoholic beverages among children and adolescents, and other risk reduction and health education programs;
4. Comprehensive public health services;
5. Demonstrate the establishment of home health agencies (as defined in section 1861(m) of the Social Security Act) in areas where the services of such agencies are not available. Amounts provided for such agencies may not be used for the direct provision of health services;
6. Feasibility studies and planning for emergency medical services systems and the establishment, expansion, and improvement of such systems. Amounts for such systems may not be used for the costs of the operation of the systems or the purchase of equipment for the systems; and
7. Providing services to rape victim and for rape prevention.

FEDERALLY PERMITTED USES AND USE RESTRICTIONS:

For federal F.Y. 1983 and beyond, the legislature must hold public hearings on the intended use of funds. Funds may not be used for:

1. Inpatient services;
2. cash payment to intended recipients of health services;
3. capital expenditures;
4. satisfy matching requirements of other federal funds;
5. supplanting state, local and other nonfederal funds;
6. direct provision of health services in home health agencies;

ANTICIPATED RECEIPT DATES:

The department anticipates that federal appropriations will remain constant in federal F.Y.'s 1991, 1992 and 1993. The federal fiscal year begins on October 1 and ends on September 30. Dollar amounts contained in this document reflect estimates based on the state fiscal year. Projections are based on current federal appropriations. It is anticipated that resources will not allow continuation of all activities at current levels without increases for inflation.

FEDERAL GRANT USE

I. Public Health Objectives/Activity

A. To reduce the occurrence and severity of chronic disease

- Health Behavior, Development and Education
- Chronic Disease Epidemiology
- Radiation Control

B. To reduce the incidence of acute disease in Minnesota

- Acute Disease Epidemiology
- Emergency Medical Services
- Poison Information Centers

C. To increase the effectiveness and efficiency of Minnesota's public health infrastructure

- Community Development
- Public Health Nursing
- Community Environmental Services

D. To provide services to victims of sexual harassment

II. Grants in Aid

	F.Y. 1990	Est. F.Y. 1991	Est. F.Y. 1992	Est. F.Y. 1993
Budget Activities:				
Community Health Services	\$ 306	\$ 350	\$ 350	\$ 350
General Support	31	60	60	60
Subtotal	\$ 337	\$ 410	\$ 410	\$ 410

III. State Agency Operations

Budget Activities:				
Disease Prevention and Control	\$ 508	\$ 534	\$ 534	\$ 534
Public Health Laboratories	325	338	338	338
Env. Health	309	327	327	327
Health Promotion & Education	171	166	166	166
Comm. Services	328	347	347	347
Health Information/General Support	67	86	86	86
General Support	242	245	245	245
Subtotal	\$ 1,950	\$ 2,043	\$ 2,043	\$ 2,043
Total \$ This Grant	\$ 2,287	\$ 2,453	\$ 2,453	\$ 2,453
Required State/Local Match	-0-	-0-	-0-	-0-
Agency Complement (FTE)	37.1	34.5	34.5	34.5

infants and children each month. Approximately 78% of the eligible population in Minnesota is served, compared with 60% of the eligible population nationally. The Minnesota program is also cost efficient; in 1990 the monthly cost of providing food to a Minnesota participant was \$26.45 compared with \$30.30 nationally.

PROGRAM PURPOSE:

The Health Delivery Systems Program exists to ensure that the citizens of Minnesota, including those with special needs, have access to quality health care without financial, geographic or cultural barriers. The Program promotes the utilization of those services which will protect, maintain and improve the health of citizens. To achieve this end the Health Delivery Systems Program includes the following activities: Maternal and Child Health, Health Systems Development, Health Resources and Community Health Services.

Maternal and Child Health

Maternal and Child Health strives to improve the health of Minnesota's mothers, infants and children by facilitating their access to health care; sponsoring injury prevention programs; providing family planning and perinatal services; promoting good nutrition; operating supplemental food programs; coordinating maternal and child health programs; and providing leadership on maternal and child health issues.

Health Systems Development

Health Systems Development strives to ensure that citizens have access to affordable, quality medical care through regulation of Minnesota health maintenance organizations (HMOs), hearing instrument sellers, and allied health practitioners. Health Systems Development conducts studies to identify health care trends and issues which may threaten access to medical care, thereby providing information for appropriate policy development. Consumers of health care services are provided information on health plans and hospital services, enabling them to make informed decisions in the health care marketplace.

Health Resources

Health Resources safeguards and promotes the health and safety of consumers of health care services through the regulation of health care facilities and providers. Health Resources conducts studies and provides information to the State Legislature and government agencies on the development of policies and programs relating to long term care and regulatory practices.

Community Health Services

Community Health Services provides the necessary infrastructure for facilitating the provision of "public health services", services which protect and promote the health of citizens, statewide. The delivery of these services by State and local governments is promoted in an efficient and effective manner. Included in the infrastructure is the Emergency Medical Services system which assures that quality emergency medical services are available to all Minnesotans.

PERFORMANCE:

The Health Delivery Systems Program addresses the following basic needs: access to health care, assurance that available health care is of high quality, special services for high-risk groups, the availability of services which result in improved birth outcomes, injury prevention and coordination of public health services statewide.

Maternal and Child Health

- MCH administers and supplements the federally funded Services for Children with Handicaps (SCH). This activity works to ensure that children with handicaps, are identified and have access to information and services needed to maximize their health. In 1990 1,589 children were served in clinics, 470 children were served by Gillette Hospital, and 2,924 children were served by other medical facilities.
- MCH administers the federal Women, Infants and Children (WIC) supplemental food program. This activity provides food vouchers and nutrition counseling to approximately 75,000 women,

- MCH screens newborns and provides human genetics consultation, education and support to decrease the incidence of birth defects.
- Through education and counseling, MCH helps parents obtain access to affordable health care.
- MCH provides funding and technical assistance to local public health and voluntary agencies for family planning and maternal and child health services to promote optimal birth outcomes and child development.
- In 1990 MCH initiated a federally funded four-year childhood injury reduction program designed to reduce childhood morbidity and mortality resulting from injuries.

Health Systems Development

- Health Systems Development regulates health maintenance organizations to assure the delivery of quality care and to reduce financial barriers that may prevent citizens from accessing medical care. Health System Development's activities affect over 1.2 million Minnesotans who receive medical care through HMOs.
- Health System Development provides hearing aid consumer protection by regulating 330 hearing aid sellers. This activity targets the health care needs of the elderly population, as 75% of complaints received were from citizens between the ages of 71 and 85 years.
- Health System Development facilitates, through administration of the Health Care Cost Information System, the collection of hospital and surgical center cost data and conducts policy studies to identify issues and trends in health care markets. Potential threats to access and quality health care are identified. As a result, appropriate state policies can be recommended and promoted.

Health Resources

- Health Resources regulates health care facilities, including nursing homes and hospitals, and providers to assure the health, safety and well-being of health care services recipients. During the last year, annual inspection of care reviews were conducted for 34,699 Medicaid recipients and 14,485 private pay residents.
- Comprehensive surveys were conducted of 2,100 licensed and certified health facilities/providers, follow-up visits were made at 1,350 facilities, and approval was made of 346 plans for new constructions.
- The Office of Health Facility Complaints investigates complaints of patient care and patient abuse in nursing homes. In FY 1990 487 Vulnerable Adult Act investigations and 374 general investigations were conducted. Approximately 50% were substantiated.

Community Health Services

- Community Health Services ensures that all local communities have geographic access to public health services through a coordinated system of 48 Community Health Boards. Local public health activities delivered to local communities through the Community Health Boards include 92 Disease Prevention and Control programs, 78 Environmental Health programs, 92 Family Health programs, 90 Health Promotion programs, 91 Home Health Care programs and 72 Emergency Medical Services programs.
- CHS targets two population groups, migrant agriculture workers and Indian communities, with health services. Since 1985 the client and patient load at clinics for migrant agriculture workers has increased by 24%. Three counties receive funding for health services in Indian communities.

PROGRAM: Health Delivery Systems
(Continuation)

1992-93 Biennial Budget

Agency: Health, Department of

- Quality Emergency Medical Service (EMS) is ensured through regular training and regulation. Annual training for skill maintenance and upgrade training was delivered to 4,000 persons, injury and illness prevention training to 6,000, and specialized training to 5,000.
- Statewide access to poison control services is facilitated through Poison Information Centers. In 1990 the Poison Information Centers responded to 56,000 "poison exposure" calls and 88,500 information calls. In addition, 20,000 presentations were made to children, 2,200 to health professionals, and 400,000 pieces of educational material distributed.

PROSPECTS:

Maternal and Child Health

- The number of children with handicaps living at home is expected to increase. The federal MCH block grant requires the Health Department to provide family-centered, community-based, coordinated care for these children and their families. In addition, a variety of agencies provide services to these children. An assessment of need and plan for coordination should be developed.
- There are an estimated 200,000 women in Minnesota in need of subsidized services for family planning. Current public funding from all sources is adequate to meet the needs of only 70,000 of these women.
- The infant formula rebate for the WIC Program is expected to decrease this year without an increase in federal funding. As a result, the number of women, infants and children (currently about 75,000 per month) receiving WIC benefits will have to be decreased.
- In 1985 the Minnesota Legislature mandated that two-thirds of federal MCH block grant funds be allocated to local Community Health Boards. The remaining one-third, augmented by state appropriations, is available to the Department of Health for projects of regional or statewide significance, direct services to children with handicaps, and administrative and technical assistance services for all MCH activities. MDH will be required to continue reductions in MCH activities in order to live within the one-third allocation of federal block grant funds.

Health Systems Development

- The costs of medical care services are expected to rise, potentially increasing health insurance premiums and decreasing access to medical care, particularly in rural areas. Continued regulation of HMOs, to assure financial and geographic access, will be necessary.
- In 1989 three rural hospitals closed and twelve were in financial distress. To prevent the continued erosion of health care services in rural Minnesota, support for existing services and the development of community based strategic medical care planning are needed.
- The expansion of allied health professionals into independent practice will result in a greater need by consumers for information and protective regulations. Changes in the regulation of allied professionals, such as physician assistants, may be needed to expand access to health care in rural areas.
- Sophisticated data systems need to be developed to help identify cost-effective health care services, to measure access to health insurance, to provide more information to purchasers of health care plans and to identify problems and monitor trends in health care access.

Health Resources

- The demand for nursing home services or alternative delivery services is expected to increase, as the population ages. To meet this demand alternative care options need to be analyzed and plans

developed. To continue to ensure high quality care for long-term care residents, administrative rules to establish minimum health and safety standards in alternative settings need to be written and cooperative working relationships with consumers, consumer advocates, and other state agencies need to be maintained.

- Federal OBRA legislation requires changes and additions to the existing nursing home regulatory process. As a result, more survey persons must be hired, increased supervision of new surveyors must be provided, added training and orientation programs need to be offered, and resulting conflicts between State and Federal rules must be resolved. Policy changes which could improve the coordination of regulation and health services delivery need to be identified.

Community Health Services

- The Emergency Medical System (EMS) in the rural area is challenged because there are few incentives for the volunteers to remain, and EMS resources in a rural area may be lost when a town loses its physician or hospital. Emergency medical services are especially vital in a rural areas because critical patients may need to be transferred for an hour or more before receiving definitive medical care. Therefore, improved and/or increased training and education of volunteers is needed.
- A statewide data base related to the EMS system could be used to better determine patient outcomes in medical emergencies. This information is needed to design improvements for the EMS system.
- Local governments are under increasing pressure to provide more public health services, but they have limited abilities to raise revenues to finance these services. As a result, there will be increased pressure for more state funding of these public health services.
- Highly technical support services to Community Health Boards are needed to sustain the increasingly sophisticated regulatory programs delegated to the Boards through formal agreements with the Commissioner of Health.
- Community Health Services offers health care services which meet the particular needs of two targeted population groups, migrant workers and American Indians. As the health status of all communities of color is disproportionately impacted by disease and disabilities, the targeted population needs to be expanded to include all communities of color.

PLAN:

Because of the amount of grants and federal funds involved in this Program, as well as the fee-based nature of many of the state-funded programs, the ability to reallocate funds within the Bureau is extremely limited. Bureau programs have either a regulatory focus, designed to protect vulnerable populations such as the mentally retarded and elderly, or else they promote the delivery of health services to populations which require special attention, such as low income women and their children. Both the public health goals of these programs and their multiple funding sources make reallocation of funds problematic.

Because of these constraints, most of the public health needs identified above are not part of the Program's plan since other equally worthy current programs would have to be reduced to fund them. Instead, only those issues where the needs are emergency in nature or where costs can be recovered in fees are presented below.

Maternal and Child Health

1. WIC: Although the exact amount of the problem is unknown at this time, the WIC Program could be forced to reduce the number of participants if, as expected, the next infant formula rebate contract is negotiated at an amount below the current contract. The current rebate is \$1.71 per can, provides \$9.49 million in revenue and supports 15,250 participants (900 participants per 10¢ of rebate). A reduced rebate amount of 40-70 cents per can would result in a reduction of \$2.27 - \$3.75 million or 3,600 - 6,300 participants. However, it is possible that funding could

offset some of this reduction. The final rebate and federal revenue figures will be available by the beginning of March, 1991.

2. **MCH Block Grant Shortfall:** As explained above, the 1985 Legislature directed that the federal Maternal and Child Health block grant be divided, with two-thirds going to local Community Health Boards and one-third to fund state activities such as the Services for Children with Handicaps Program. Prior to that time, the Department had received about half of the federal funds. The ability to carry over funds, along with management efficiencies, have enabled the Department to handle this reduction. Since the additional funds have been exhausted, we are anticipating a shortfall in funding for state efforts of approximately \$1.3 million for the biennium. In order to manage this shortfall within available resources, the Department is proposing a variety of initiatives: funding for the two Poison Control Centers would come from the Preventive Health Block Grant rather than the MCH Block Grant; five positions would be eliminated during the biennium; SCH clinics would be scaled back, though priority clinics would continue to be held; staff vacancies would be managed so that salary savings were achieved; and cutbacks would be made in general supply and expense expenditures. If this plan were implemented, the lack of federal funds could be accommodated without an increase in state expenditures.

Health Systems Development

1. **Allied Health Registration:** \$363,000 is required from the Special Revenue Fund to finance the regulatory activities of the section in relation to speech-language pathologists, audiologists, contact lens technicians, and occupational therapists. All of this appropriation will be recovered through fees charged to the regulated occupational groups. A portion of this appropriation will be used to fund an enhanced effort to handle complaints made concerning hearing instrument dispensers. Since regulation of hearing instrument dispensers was established in the Department, the number of complaints requiring investigation has grown substantially beyond initial estimates. Such complaints, which are received primarily from the frail elderly, numbered 100 in F.Y. 90 and 150 in F.Y. 91. Prompt resolution of these complaints is essential for the elderly consumer since many thousands of dollars may be involved. Funding will allow the addition of a full-time investigator as well as additional legal resources and supervision.
2. **Physician Assistant Rules:** In April, 1990, the Department issued a report to the legislature which evaluated the usefulness of physician assistants, problems encountered in administering the P.A. regulations, and recommendations for changing those regulations to increase their efficiency and help assure citizen access to health services in rural areas. An appropriation of \$71,000 would enable the necessary rule-making to occur. All costs would be recovered through fees charged to physician assistants.
3. **HMO Complaint Investigator:** Over 1.2 million Minnesota citizens receive services from health maintenance organizations. During the past three years, the number of written complaints has far exceeded projections. In F.Y. 89, 450 complaints were projected and 724 were received; in F.Y. 90, 500 complaints were projected and 1,015 were received. These complaints involve crucial issues such as access to medical services and treatment for life-threatening conditions. Without additional resources, complaints cannot be handled without undue delays and priority-setting. Three complaint investigators, along with accompanying medical and legal consultation, could be funded with an appropriation of \$194,000 per year. \$35,000 per year of this request would be offset by decreases in expenditures in other areas of the HMO Section, and the remainder would be recovered through fees charged to the HMO's.

Health Resources

1. **Review of Nursing Home Licensure Laws:** Major changes have occurred in nursing home quality assurance at the federal level within the past several years. The Nursing Home Reform Act has

required states to implement a regulatory and enforcement process that is much more resident-focused, with much less emphasis on process and physical plant issues than before. Because of this change in emphasis at the federal level, the Department feels this is an excellent time to examine all state statutes and rules which relate to nursing home regulation and determine which of them continue to be necessary for resident protection, and which can now be eliminated. These laws have not been revised since 1972 and clearly do not represent current practice or theory in nursing home regulation. Many additional laws have been added since then, and it has not been possible to look at the total regulatory system to determine what are necessary protections for these vulnerable individuals, and what are simple burdensome requirements with no commensurate resident benefit. This effort will be a major one, involving consumers, family members, nursing home representatives, and experts in the field of regulation. An appropriation of \$140,000 for the biennium will enable the Department to perform the review of current statute and, with the input of the involved community, make recommendations on statute revisions which would in turn lead to rule revisions during the 94-95 biennium. The costs of this efforts would be recovered by fees charged to nursing homes and boarding care homes.

2. **Residential Care Home Licensing:** The 1990 Legislature directed the Department to develop statutory provisions that would provide for the licensure of facilities which provide room, board and some supportive services to vulnerable individuals such as the elderly and mentally ill. This requirement followed legislative review of a report done by the Interagency Board for Quality Assurance which examined the problems facing individuals who live in these types of settings and their special needs. The report concluded, and the Legislature agreed, that regulatory oversight was needed in addition to the current board and lodging regulations. This request would fund the next step of this process which is development of the rules and enforcement capability necessary to begin actual regulation of these facilities for the special services they provide. The appropriation of \$210,000 would be recovered through fees charged to board and lodging facilities which provide special services.
3. **Curriculum Development for Nursing Assistants:** Currently, training requirements for individuals who provide nursing assistant-type services in a variety of settings vary greatly and are not coordinated. An appropriation of \$72,000 would enable the Department to work with the Technical Colleges to develop a curriculum which could be used by nursing assistants in a variety of settings and allow them to work in nursing homes, home care or board and lodging settings without needing to begin training from the beginning. This integrated curriculum would provide much-needed flexibility for these assistants who are the backbone of the long term care system and who have been in increasingly short supply in the past few years. Facilities and agencies will benefit since the completion of the integrated curriculum will provide a pool of individuals who meet minimum requirements. The appropriation would be recovered by a one-time surcharge of \$85.00 on the licensure fee for nursing homes and home care agencies.

General Fund Budget Reallocation Decisions (BRD) and fee supported increases recommended for this Program are:

(Inflation when noted is 4.5% per year.)
 (Dollars In Thousands)

	F.Y. 1992	F.Y. 1993
HMO Inflation	\$ 32	\$ 65
HMO Complaint Investigation	159	159
Health Facility Licensure - Inflation	91	188
Nursing Home Licensure Study	105	135
Resident Care Home Licensing	105	105
Curriculum Development	72	---
TOTAL PROGRAM - GENERAL FUND	\$ 580	\$ 638
Special Revenue Fund		
Allied Health Registration	117	205
Physician Assistant Rules	45	26
TOTAL	\$ 162	\$ 231

PROGRAM: Health Delivery Systems
(Continuation)
Agency: Health, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$1,179,000 for Family Planning Grants in each year of the F.Y. 1992-93 biennium. The Governor concurs with the agency plan except where noted in the following pages.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH, DEPT OF
PROGRAM: HEALTH DELIVERY SYST

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
MATERNAL&CHILD HEALTH	49,478	60,109	57,128	52,730	52,479	54,158	52,726	52,431	53,610
HEALTH SYS DEVELOPMENT	1,110	1,296	1,846	1,424	1,777	4,131	1,420	1,875	14,498
HEALTH RESOURCES	9,349	12,117	13,642	13,596	13,969	13,949	13,592	14,020	13,977
COMMUNITY HEALTH SERVICES	16,377	18,012	19,888	19,860	18,908	18,908	19,853	18,933	18,933
TOTAL EXPENDITURES BY ACTIVITY	76,314	91,534	92,504	87,610	87,133	91,146	87,591	87,259	101,018
DETAIL BY CATEGORY:									
STATE OPERATIONS	21,789	22,138	24,126	23,458	23,893	25,867	23,439	24,019	25,989
LOCAL ASSISTANCE	27,693	33,084	30,779	30,303	29,497	31,036	30,303	29,497	31,286
AID TO INDIVIDUALS	26,832	36,312	37,599	33,849	33,743	34,243	33,849	33,743	43,743
TOTAL EXPENDITURES BY CATEGORY	76,314	91,534	92,504	87,610	87,133	91,146	87,591	87,259	101,018
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	22,762	24,476	27,844	26,240	25,601	29,614	26,223	25,660	39,419
SP REV DIRECT APPROP	53								
PUBLIC HEALTH	1,623								
STATE GOVT SPEC REV		135	196	173	335	335	172	298	298
TRUNK HIGHWAY	531	1,360	1,393	1,401	1,401	1,401	1,400	1,400	1,400
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV								105	105
SPECIAL REVENUE	6,689	8,968	10,489	10,489	10,489	10,489	10,489	10,489	10,489
FEDERAL	44,621	56,556	52,565	49,290	49,290	49,290	49,290	49,290	49,290
GIFTS AND DEPOSITS	35	39	17	17	17	17	17	17	17
TOTAL FINANCING	76,314	91,534	92,504	87,610	87,133	91,146	87,591	87,259	101,018

ACTIVITY: Maternal and Child Health
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Expanded Funding for Family Planning Grants

GOVERNOR'S RECOMMENDATION:

The Governor recommends an increase of \$1,179,000 each year of the biennium for Family Planning Grants.

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$ 1,179	\$ 1,179	\$ 1,179	\$ 1,179
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Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Requires statutory change: _____ Yes X No

Statutes Affected:

RATIONALE:

Almost half of all Minnesota families on AFDC began with a teen birth. It is estimated that over 50% of teen mothers never complete high school, and without college or vocational training generally end up relying on public assistance programs such as AFDC, food stamps, and medical assistance to support their families. Three-fourths of all single mothers live in poverty. The more children a woman has, the more difficult it is for her to get off of public assistance.

In Minnesota, funding for family planning activities has remained virtually unchanged since 1979. Adequate funding of family planning grants will help ensure that our children have a chance to live independently and have an opportunity to achieve economic security. Recognizing that women in need of family planning services face cultural, financial and geographic barriers, the Governor recommends increasing funding to local service providers through the Family Planning Grant program.

The Governor believes that this increased funding, in addition to his recommendations in the area of Head Start, the Children's Health Plan, Early Child and Family Education, Way to Grow, and Children's Mental Health will help ensure that the children of Minnesota will have healthy childhoods, be able to benefit from educational programs, and achieve self-sufficiency in adulthood.

The amount of funding recommended will be adequate to fund the applicants who were eligible but not funded for the current biennium, as well as the cost associated with 1 staff position.

STATISTICS:

	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of grants awarded	40	40	60	60
Number of grants unfunded	16	16	5	5
Number of persons served	24,000	24,000	45,000	45,000

1DECISION ITEM:**1992-93 Biennial Budget**

ACTIVITY: Maternal and Child Health
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of

DECISION ITEM: Fiscal Year Transfer in Funds for WIC

WIC. The recommended transfer of \$500,000 from F.Y. 1991 to F.Y. 1992 will allow the Department to fully utilize state and federal funding, maximize the number of participants served, and minimize the up-and-down effect of caseload changes on local agencies.

The alternative is to increase caseload to a level which could not be sustained beyond September 30, 1991. Such short term up-and-down caseload allocations are extremely frustrating for local agencies, who have difficulty managing caseload, staffing and expenditures under such circumstances. A lapse of federal funding could result.

	Dollars in Thousands				
	<u>F.Y. 91</u>	<u>F.Y. 92</u>	<u>F.Y. 93</u>	<u>F.Y. 94</u>	<u>F.Y. 95</u>
Expenditures					
General Fund	\$ (500)	\$ 500	\$ -0-	\$ -0-	\$ -0-
Positions					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Governor recommends a reduction of \$500,000 in F.Y. 1991 and an appropriation increase of \$500,000 in F.Y. 1992 for the WIC Program for caseload management purposes.

KEY STATISTICS/FINANCING/IMPACT:

	<u>F.Y. 91</u>	<u>F.Y. 92</u>	<u>F.Y. 93</u>
Rebate amount per can	\$ 1.71	\$ 1.40	\$ 1.40
Participants supported by rebate	15,250	12,600	12,600
General Fund Expenditures (000s)	\$ 250	\$ 1,250	\$ 750

RATIONALE/OPTIONS:

The Department anticipated that the next infant formula rebate contract would be negotiated at an amount below the current contract, which did in fact occur. The current rebate is \$1.71 per can, provides \$9.49 million in annual revenue, and supports 15,250 participants. The next contract will be effective on July 1, 1991; it will be \$1.40 per can, provide \$8.7 million in annual revenue, and support 12,600 participants.

However, the Federal grant received for the WIC Program increased by \$2.1 million for Federal F.Y. 1991. The Department held some of the increase in reserve to compensate for the anticipated decline in rebate revenues. As a result, statewide WIC caseload will be increased by more than 1,000 on April 1, 1991; this increase can be sustained through September 30, 1992 if a cash flow problem can be addressed.

The Department currently receives \$750,000 from the General Fund each year of the biennium for

ACTIV Health Systems Development
 PROGRAM: Health Delivery Systems
 AGENCY: Health, Department of

1992-93 Biennial Budget

RATIONALE:

The complaints received were accurately estimated; however, the number needing investigation equal 150 and 225 in 1990 and 1991 respectively, instead of 45 and 60 as originally estimated. Appropriations are needed to enable the agency to operate the regulatory systems created. All costs will be recovered through fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

DECISION ITEM: Operate Allied Health Registration Systems

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
Special Revenue Fund	\$ 117	\$ 205	\$ 175	\$ 175
Revenues				
Special Revenue Fund	\$ 117	\$ 205	\$ 175	\$ 175

GOVERNOR'S RECOMMENDATION:

Expenditures				
Special Revenue Fund	\$ 117	\$ 205	\$ 175	\$ 175
Revenues				
Special Revenue Fund	\$ 117	\$ 205	\$ 175	\$ 175

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

Funds are needed to operate registration systems currently being established by MDH for contact lens technicians and occupational therapists. Contact lens technician registration will begin in F.Y. 1992 and occupational therapy registration will begin in F.Y. 1993.

Additional funds are also needed to expand the regulation systems for speech-hearing occupations to investigate complaints.

BACKGROUND:

In 1988, \$100,000 was appropriated to MDH to establish and conduct several regulatory systems for speech hearing occupations. Included was assumption of responsibility from the Attorney General's Office for receiving and investigating complaints and enforcing consumer laws. Over 75% of the complaints to MDH since 1988 are from Minnesotans between the ages of 71 and 85.

In 1989, the Commissioner determined that registration of contact lens technicians and occupational therapists was necessary to protect the public health. Under authority of M.S. 214.13, the Commissioner may establish registration systems to regulate health-related occupations not currently regulated in the state. Rulemaking for contact lens registration will be complete in F.Y. 1992 and rulemaking for occupational therapists will be complete in F.Y. 1993.

STATISTICS:

	F.Y. 1990	Est. F.Y. 1991	Est. F.Y. 1992	Est. F.Y. 1993
Complaints Received	135	200	300	400
Complaints Investigated	100	150	225	300
Enforcement Actions	4	7	11	16
Contested Cases	0	1	2	3

ACTIVITY: Health Systems Development
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Amend Physician Assistant Registration System

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures					
Special Revenue Fund	\$	45	\$	26	\$ -0-
Revenues					
Special Revenue Fund	\$	-0-	\$	14	\$ 14

GOVERNOR'S RECOMMENDATION:

Expenditures					
Special Revenue Fund	\$	45	\$	26	\$ -0-
Revenues					
Special Revenue Fund	\$	-0-	\$	14	\$ 14

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

An appropriation is needed to conduct rulemaking to amend the physician assistant registration rules in order to implement needed changes to physician assistant scope of practice and registration procedures.

RATIONALE:

In April, 1990, MDH issued a report to the legislature required by Minn Stat. sec. 214.13, Subd. 3. The report evaluated the usefulness of physician assistants, problems encountered in administering the regulations, and the need for statutory changes to continue, discontinue, or modify the regulations. The report recommended modifications to registration rules and statutory changes to increase the utility and availability of physician assistant services in Greater Minnesota. Rule-making is needed to modify the physician assistant registration systems.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan except for the allocation of 2 additional complement positions. The agency should consider using temporary personnel for a limited term project such as this.

ACTIV: Health Systems Development
 PROGR: Health Delivery Systems
 AGENCY: Health, Department of

1992-93 Biennial Budget

F.Y. 1988 F.Y. 1989 F.Y. 1990

Projected Written Complaints	400	450	500
Actual Written Complaints	478	724	1,015
% Increase over Projection	20%	61%	103%

RATIONALE:

The agency believes that three additional positions will be adequate based upon the projection for the number of telephone inquiries and written complaints to increase by 10% each year.

The entire request will be recovered through fees levied on the HMOs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

DECISION ITEM: HMO Consumer Complaint Investigation
 Resources

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
General Fund	\$ 159	\$ 159	\$ 159	\$ 159
Revenues				
General Fund	\$ 159	\$ 159	\$ 159	\$ 159

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 159	\$ 159	\$ 159	\$ 159
Revenues				
General Fund	\$ 159	\$ 159	\$ 159	\$ 159

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

Increased funding is requested to investigate the dramatic increase in the number of written HMO consumer complaints. An increase of 3 full-time classified positions and associated costs are requested to respond to telephone inquiries, to investigate written complaints and to prepare the cases of substantial violations of HMO law for enforcement. Additional funds for consulting services are needed to retain expert medical and increased demand for Attorney General advice and representation for investigation and enforcement.

BACKGROUND:

During the past three fiscal years, the number of written consumer complaints has far exceeded projections. In order to respond to the immediate needs for consumer assistance, the agency has temporarily assigned four persons who normally do financial examinations, quality examinations or policy analysis to assist in responding to consumer inquiries. This reassignment has resulted in a reduction in the number of examinations and other regulatory activities. Continuing to divert staff from policy analysis, financial and quality assurance examinations during F.Y. 1992-1993 is not desirable.

STATISTICS:

	F.Y. 1990	Est. F.Y. 1991	Est. F.Y. 1992	Est. F.Y. 1993
Telephone Inquiries	4,788	5,267	5,794	6,373
Written Complaints	1,015	1,117	1,229	1,351
Enforcement Actions	16	18	20	22

ACTIVITY: Health Resources
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Curriculum Development For Staff In Home Care, Nursing Home, and Boarding and Lodging Settings

The curriculum currently available statewide through the State Board of Vocational Technical Education was developed to meet the federal 75 hour nursing assistant training requirements. It was recently adapted by adding an additional 15 hours to provide a curriculum that would meet federal training requirements for home health aide course. Because the home health aide course is "piggy-backed" on the nursing assistant course, the course now equals 90 hours.

Since the integrated curriculum will meet all state and federal training requirements, personnel who have completed the training will be able to work in different types of long term care settings. This will provide these individuals greater mobility in finding jobs since they will be qualified to perform services in a variety of settings. Facilities and agencies will benefit since the completion of the integrated curriculum will provide a pool of individuals that meet the minimum training requirements for their specific services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

		Dollars in Thousands			
		<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
AGENCY PLAN:					
Expenditures					
General Fund	\$	72	\$ -0-	\$ -0-	\$ -0-
Revenues					
General Fund	\$	72	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$	72	\$ -0-	\$ -0-	\$ -0-
Revenues					
General Fund	\$	-0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes _____ No
Statutes Affected:

ITEM SUMMARY:

This agency requests a one time appropriation of \$72,000 to develop a curriculum tailored to meet the minimum state training requirements and the 75 hour federal home health aide and nursing assistant training requirements.

DESCRIPTION/BACKGROUND:

Minimal training standards for personnel performing paraprofessional personal care, health and social related services in home care, nursing home and board and lodging settings are required by Minnesota Law. Minnesota Statutes 144A.43 to 144A.48 authorizes the regulation of home care providers by the Minnesota Department of Health. Proposed home care rules outline training requirements of 24 and 75 hours in length for two levels of paraprofessional tasks.

Federal law and regulations establish training requirements for nursing assistant and home health aide personnel at 75 hours which satisfies training qualifications for certain state requirements in home care and nursing home settings. Minnesota Statutes 157.031 authorizes the Health Department to develop staff training and qualifications for Board and Lodging establishments.

RATIONALE:

Access to a uniform training curriculum for these current and proposed paraprofessional task requirements does not exist. There is currently no integrated system which merges and builds all of these training requirements into one comprehensive curriculum. Developing a system would serve to avoid duplication of training and allow access to programs offering courses within the minimal standard hours of training required.

ACTIVITY: Health Resources
PROGRAM: Health Delivery Systems
AGENCY: Health, Department of

1992-93 Biennial Budget

DECISION ITEM: Review of Nursing Home Licensure Laws and Regulations

AGENCY PLAN:	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Expenditures				
General Fund	\$ 105	\$ 135	\$ 140	\$ 140
Revenues				
General Fund	\$ 105	\$ 135	\$ 140	\$ 140

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 105	\$ 135	\$ 140	\$ 140
Revenues				
General Fund	\$ 105	\$ 135	\$ 140	\$ 140

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

This agency requests an appropriation of \$240,000 to cover the first 2 years of a 4 year project to conduct a comprehensive review of the nursing home licensure laws and regulations. It is necessary to do this in order to establish an effective regulatory program in the state.

BACKGROUND:

The federal Nursing Home Reform Act provisions contained in the Omnibus Reconciliation Act of 1987 and new federal rules establish a significantly modified, comprehensive regulatory system. Minnesota rules were promulgated in 1972 and the licensure law for nursing homes was enacted in 1976. The licensure law has been repeatedly amended to address specific concerns and has not been reviewed in a comprehensive fashion since it was enacted.

The new federal provisions contain detailed enforcement procedures and include regulatory provisions concerning the effect of the scope and severity of deficiencies on quality of life and quality of care provided in facilities. These federal provisions duplicate and, in some instances, conflict with provisions contained in the state nursing home licensure law and regulations. The state law approaches the protection of health and safety in a different manner with specific actions that must be taken when a violation is documented.

RATIONALE:

The goal of this process would be development of a comprehensive enforcement system which can be effectively and efficiently administered. The analysis necessary to achieve this goal will identify those state law provisions, not currently part of the federal enforcement, e.g. controlling person provisions, that need to be retained. Provisions remaining in state law after this analysis would complement, not duplicate, the federal enforcement provisions.

While the analysis of the statutory provisions will need to take into consideration the provisions contained in state regulations, we do not believe that substantive work on the rules can occur until after statutory provisions which need change have been identified. The second phase of this project, planned for 1993 would be the revision of state licensure rules and that the new rules would be implemented by January, 1995.

The review of statutes and modification of rules is a legitimate cost of regulation and therefore should be supported in the same way as the day to day regulation of nursing homes and boarding care homes. For this reason the Department proposes to finance this project through a surcharge on the 44,940 licensed nursing homes and 4,563 boarding care beds. In order to raise the requested amount the surcharge would be \$2.12 per bed in 1991 and \$2.73 in 1992.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan.

ACTIVITY: Health Resources
PROGRAM: Health Delivery Systems
CY: Health, Department of

1992-93 Biennial Budget

report reviewed the various types of residential settings in which supportive or health related services were offered. The recommendation for RCH licensure was made since it provided the best approach to assure a safe and appropriate housing setting.

DECISION ITEM: Regulation of Residential Care Homes

The cost of rulemaking will be recovered during the biennium through fees to Residential Care Homes.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan except for the allocation of three additional complement positions. The agency should consider using temporary personnel for a limited term project such as this.

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
General Fund	\$ 105	\$ 105	\$ -0-	\$ -0-
Revenues				
General Fund	\$ -0-	\$ 210	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 105	\$ 105	\$ -0-	\$ -0-
Revenues				
General Fund	\$ -0-	\$ 210	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Department is requesting funding \$210,000 for the biennium to develop rules for the licensure of Residential Care Homes. Rulemaking will be required to fully implement the licensure program for these facilities that was requested by the 1990 Legislature.

BACKGROUND:

In 1990, the Legislature requested that the Department develop legislation for the licensure of existing and emerging programs known as Residential Care Homes. These facilities provide maintenance-oriented supported housing for functionally impaired adults. The most pressing issue for the new licensure is to resolve on-going problems in the delivery of unlicensed services in board and lodging facilities.

The RCH will combine housing and services in a single entity that is more structured than a board and lodging house but less so than a boarding care home or a supervised living facility with a program license. The RCH license, then, will be defined residually to include those providers of facility-based supervision and supportive services who are not otherwise licensed by the state.

Residential treatment programs and boarding care homes will be exempted from the RCH licensure, and remain licensed as they are now. The imposition of the RCH license on some establishments should not result in the removal of affordable low-end housing from the market.

RATIONALE:

During the 1990 Session, the Department of Health and the Department of Human Services submitted a report which recommended the creation of this category of licensed facility. The

PROGRAM: Health Support Services
Agency: Health, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE: Health Support Services exists to provide policy direction and leadership for the state on public health issues and to provide policy direction, priority setting, financial management, support services and an information system for the Health Department. To achieve these ends the Health Support Services Program includes the Health Information and General Services and Management Support activities.

Health Information and General Services Health Information and General Services facilitates the collection, management and dispersal of health information and data. This Program also facilitates operations of the department, including building and space planning, materials management, communications management and travel management. These activities are necessary to identify and describe health problems and to enable the department to operate in an efficient and effective manner.

Management Support Management Support provides policy and management direction and leadership for the department, including the development of statewide public health priorities, the development and implementation of departmental policies, overall fiscal and personnel management, and centralized public information services. This activity also includes the Mortuary Science licensing unit and disability determinations for the various retirement systems.

PERFORMANCE:

Health Information and General Services

- The Center for Health Statistics, the data collection, analysis, and reporting activity, provides necessary information for identifying health problems and assisting in the design of appropriate activities to address them. Data collected includes an ongoing statewide survey of over 2,000 households on behavioral risk factors. Much of the information collected is necessary to meet reporting requirements and program priority setting needs of various organizations.
- The Information Systems and Technology Activity is responsible for the management of technology in the Department. A long-range strategic information technology plan has been developed to ensure efficient and effective management of information. This activity also provides centralized data input services for programs in the Department. In F.Y. 1990 290,000 records were converted.
- The Library Services Activity provides information services to the department and organizations throughout the state. This activity interfaces with other local and national public health information programs and networks to ensure access to a vast amount of information. The library completed 10,500 circulations, 5,000 interlibrary loans and distributed over 400,000 pieces of literature in F.Y. 1990.
- The Vital Records Activity maintains a permanent file of birth and death certificates and indices of marriage and divorce. This data addresses direct program needs, such as information on high risk infants. It also assists individuals in establishing their rights to certain public and private benefits. There are nearly eight million records on file in the Department.
- The Operations Support Activity provides support for over 60 department activities and 14 health-related licensing boards. Support services include management of communications, building and grounds, travel, and materials printing and mailing. This activity processed over 850,000 pieces of mail and 4,000 purchases in F.Y. 1990.

Management Support

- The Executive Office provides policy and management direction and leadership for the

department, is responsible for the overall fiscal management, and develops statewide public health priorities.

- Financial Management provides a centralized budgeting, accounting and financial reporting system for all department activities and over 30 federal grant programs. This activity processed over 70,000 financial transactions in 1990.
- The Personnel and Training Activity provides a centralized human resource management system that enhances the Department's ability to reach its operating objectives. In F.Y. 1990 this activity processed over 250 new hires and completed over 5,200 personnel transactions. In F.Y. 1991 the Department initiated customer service training and, as of December 1990, over 400 staff have completed the two-day course.
- The Disability Determination Activity reviews and provides initial and annual determinations of disability for the Teachers Retirement Association, the Public Employee Retirement Association and the State Retirement System.
- The Mortuary Science Activity protects citizens' interests by regulating and providing technical assistance to individuals and facilities in the field of Mortuary Science.

PROSPECTS:

Health Information and General Services

- The proliferation of data and increased requests for data necessitate sound data management. Data management could be enhanced by the development of acceptable data coding and processing standards and the use of new technologies.
- Key health program staff have an increased interest in further expanding the Vital Records data and uses of that data. Improvements in Vital Records data collection may be possible by automating additional areas of the activity.
- Decentralization of computer technology has increased the number of computer users, many of whom lack technical skills necessary for minor computer maintenance and repair. To reduce computer down time, an on-site troubleshooting and repair service is needed.
- The general population's increased interest in health has resulted in the expansion of programs and services at the Health Department. The Health Department building has not had sufficient space to accommodate this growth. Space has had to be rented in three additional metro locations, including space for the health-related licensing boards. This results in communication and coordination challenges. A plan for consolidation of the Department in a new building is an important need.

PLAN:

General Fund Budget Reallocation Decisions (BRD) and fee supported increases recommended for this program are:

(Inflation when noted is 4.5% per year.)
(Dollars In Thousands)

	F.Y. 1992	F.Y. 1993
Vital Records Inflation	\$ 31	\$ 63
Mortuary Science Licensure Inflation	6	12
TOTAL PROGRAM	\$ 37	\$ 75

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I L L I N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH,DEPT OF
PROGRAM: SUPPORT SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
HLTH INFO/GENERAL SRVS	2,879	3,087	3,442	3,464	3,495	3,488	3,460	3,523	3,510
MANAGEMENT SUPPORT	7,419	8,485	8,392	8,679	8,585	8,584	8,761	8,613	8,611
TOTAL EXPENDITURES BY ACTIVITY	10,298	11,572	11,834	12,143	12,080	12,072	12,221	12,136	12,121
DETAIL BY CATEGORY:									
STATE OPERATIONS	10,263	11,541	11,834	12,143	12,080	12,072	12,221	12,136	12,121
LOCAL ASSISTANCE	35	31							
TOTAL EXPENDITURES BY CATEGORY	10,298	11,572	11,834	12,143	12,080	12,072	12,221	12,136	12,121
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,224	3,932	4,067	4,308	4,245	4,237	4,386	4,301	4,286
PUBLIC HEALTH	226								
TRUNK HIGHWAY	95	87	86	86	86	86	86	86	86
METRO LANDFILL CONTN	22	22	22	22	22	22	22	22	22
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	4,433	4,872	5,222	5,176	5,176	5,176	5,176	5,176	5,176
FEDERAL	2,298	2,655	2,437	2,551	2,551	2,551	2,551	2,551	2,551
GIFTS AND DEPOSITS		4							
TOTAL FINANCING	10,298	11,572	11,834	12,143	12,080	12,072	12,221	12,136	12,121

1 DN:

The Minnesota Health Care Access Commission was established by the 1989 Minnesota Legislature. In summary, the Legislature directed the Commission to:

1. Develop and recommend to the legislature a plan to provide access to health care for all state residents.
2. Develop new estimates of the number and characteristics of uninsured Minnesotans.
3. Explore potential insurance options for a new health care access program, including the size and makeup of risk groups, and the program's relationship with other public programs.
4. Study alternatives for financing the state share of the program's costs, and the extent to which costs could be shared by program participants.
5. Identify cost savings that would result from the program.
6. Recommend incentives to ensure that employers continue to provide employee health benefits, based on an analysis of federal laws (such as ERISA) which affect state programs.
7. Develop a system to administer the new state program, including eligibility, enrollment, premium collections, outside contracting, staff requirements, and other related matters.
8. Develop a cost containment policy for the program, including health care delivery management techniques and limits on health care provider reimbursement.
9. Recommend what benefits should be covered by the program, including copayments and maximum coverage amounts.
10. Recommend changes to health care and insurance laws that will improve health care access.

The 25-member bipartisan Commission includes 6 legislators, 2 physicians, a nurse practitioner, 3 providers (hospitals and HMO's), 4 business people, a county human services administrator, 3 consumers, 1 union representative, and the Commissioners of Commerce, Health, Employee Relations and Human Services.

From September, 1989 through December, 1990 the Commission conducted 19 public hearings in cities around Minnesota, a survey of 11,000 Minnesota households, a survey of 1,100 Minnesota employers, independent legal research, independent actuarial research, and approximately 100 policy deliberation meetings open to the public.

The Commission gave the Legislature an interim report in February, 1990. The Commission concluded its deliberations in December, 1990 and submitted its final report to the Legislature in January, 1991. Both reports were unanimously approved.

MAJOR POLICY DRIVERS:

Despite the view that health care is an essential service, hundreds of thousands of Minnesotans do not have access to basic care. Access and cost pressures on the health care system are mounting. Through public hearings, surveys and other research, the Commission found that:

1. Access to health care is a major problem in Minnesota--370,000 Minnesotans are uninsured for all or part of the year, and 366,000 have individually-purchased policies which often

provide inadequate coverage.

2. Inadequate or no health coverage leads Minnesotans to delay or forego needed health care, or face barriers or denials when they do seek care.
3. High costs are a problem throughout the state, and leave many Minnesotans with high unpaid medical bills.
4. Access problems are worse in greater Minnesota, where a higher percentage of residents are uninsured and inadequately insured.
5. Current insurance practices discriminate against women, older Minnesotans, and people with handicaps or health problems.
6. Despite these problems, access to health care in Minnesota is achievable. Compared to most other states, Minnesota has better state health coverage programs, a lower uninsurance rate, and a better foundation of HMOs and managed-care organizations.

EXPLANATION OF BUDGET AND POLICY ISSUES:

The Commission's recommendations are driven by its research findings. The recommendations are interdependent--reforms to address health care access and health care cost containment are mutually reinforcing.

1. Ensure universal and equitable access to care. The Commission recommends that all Minnesotans have basic health care coverage. A new state program will provide subsidized coverage for low-income people. Cost containment will focus on managing care and limiting costs, rather than on simply cutting or denying coverage. Fewer minor problems will become major because coverage will ensure adequate preventive care and early medical interventions.
2. End discrimination in health care financing. The Commission recommends that health care costs be shared by all members of society, rather than being based on individual health care needs, age or sex. The Commission recommends: (a) ending the practice of coverage denials and exclusions based on health status and preexisting conditions, and (b) using "community rating," under which an insurer or HMO sets a single premium rate for all individuals and small groups.
3. Control health care costs. The Commission recommends control of health care costs through: (a) a substantially expanded role for managed-care organizations, (b) applied research to improve health care delivery, (c) improvements in the state's abilities as a health care purchaser, (d) a special pool to manage high-cost cases, (e) incentives and education to encourage healthy lifestyles and appropriate use of the health care system, and (f) establishment of a statewide limit on health care spending.
4. Consolidate state health care programs. The Commission recommends that most of the state's health care programs be consolidated in a new Department of Health Care Access. This consolidation will reduce overlap and duplication, improve service to citizens, reduce costs and complexity for health care providers, and enhance the state's purchasing leverage.
5. Address the special access needs of rural Minnesota. The Commission recommends that the state ensure adequate access to health care in rural areas through a combination of financial support, technical assistance, regulatory changes, and reimbursement changes.

The Commission recommends that its proposals be implemented beginning in fiscal year 1992, with full enrollment in a new state program and associated costs occurring in fiscal year 1996. Based on the legislation to implement the Commission's recommendations as initially introduced, costs to the state are estimated to be \$20 million in fiscal year 1992 and \$129 million in fiscal year 1993.

The Commission estimates that, when fully implemented, its recommendations will result in savings to Minnesota health care providers, employers, and government programs of \$220 - \$383 million per year. These savings are attributed to reduced expenditures for charity care on behalf of uninsured and underinsured patients, improvements in health care delivery management in existing programs, and reductions in administrative costs.

The Commission recommends action on its proposals in 1991, rather than later, to reduce the future compounding effects of continuing health care cost increases and related access problems. As an essential service, health care will continue to be provided regardless of state action, and health care inflation will continue to exceed other goods and services. The Commission's proposals will enable Minnesota businesses, consumers and government to benefit from necessary health care cost and access reforms at the earliest possible date.

GOVERNOR'S RECOMMENDATION:

The Governor commends the public and private groups which over the past year have examined the issues of health care reform and expanded access to health care. The Governor agrees that the goal of increasing access to basic health care for the uninsured is a critical one for the state of Minnesota, and the nation as a whole.

In recognition of the state's fiscal condition and pressures to limit implementation of major new programs that require significant and ongoing resources, the Governor's recommendations serve as a first measure in what must be a continuing process of achieving this goal.

Speaking directly to an improved health care delivery system the Governor recommends:

- retaining current eligibility standards for both the General Assistance Medical Care Program and Medical Assistance,
- doubling the funding for Family Planning Grants,
- retaining state funding for the Women's, Infants, and Children nutrition program,
- fully funding the Children's Health Plan to provide primary and preventive care to children through the age of 17 in low income families,
- providing funds to expand managed care in the General Assistance Medical Care program.

The Governor believes that further reform in medical care will be necessary in order to ensure greater access and the administration will pursue opportunities to achieve greater coordination of state health programs, expand managed care or provider network concepts where possible, create partnerships with other levels of government and private employers to develop innovative programs, and strengthen the state's commitment for providing health care that is necessary and has demonstrated efficacy. The administration will also seek partnership with providers and practitioners to develop outcome based standards and information management systems, and other appropriate mechanisms for providing efficient and necessary basic health services.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: HEALTH CARE ACCESS
PROGRAM: HEALTH CARE COMM

				FY 1992			FY 1993		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted	Agency	Governor	Adjusted	Agency	Governor
=====	=====	=====	=====	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
HEALTH CARE COMM		286	530						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY		286	530						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS		286	530						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY		286	530						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL		286	530						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING		286	530						

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: HEALTH CARE ACCESS

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	530	530	530	530				
ONE-TIME APPROPRIATIONS	<530>	<530>	<530>	<530>				
TOTAL BIENNIAL TOTAL								

1992-93 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: VETERANS AFFAIRS-VETERANS HOMES, DEPARTMENT OF

PROGRAM

PAGE

VETERANS HOMES

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Minneapolis Veterans Home
Hastings Veterans Home
Silver Bay Veterans Home
Luverne Veterans Home

DESIGNATED CONTRIBUTION

180

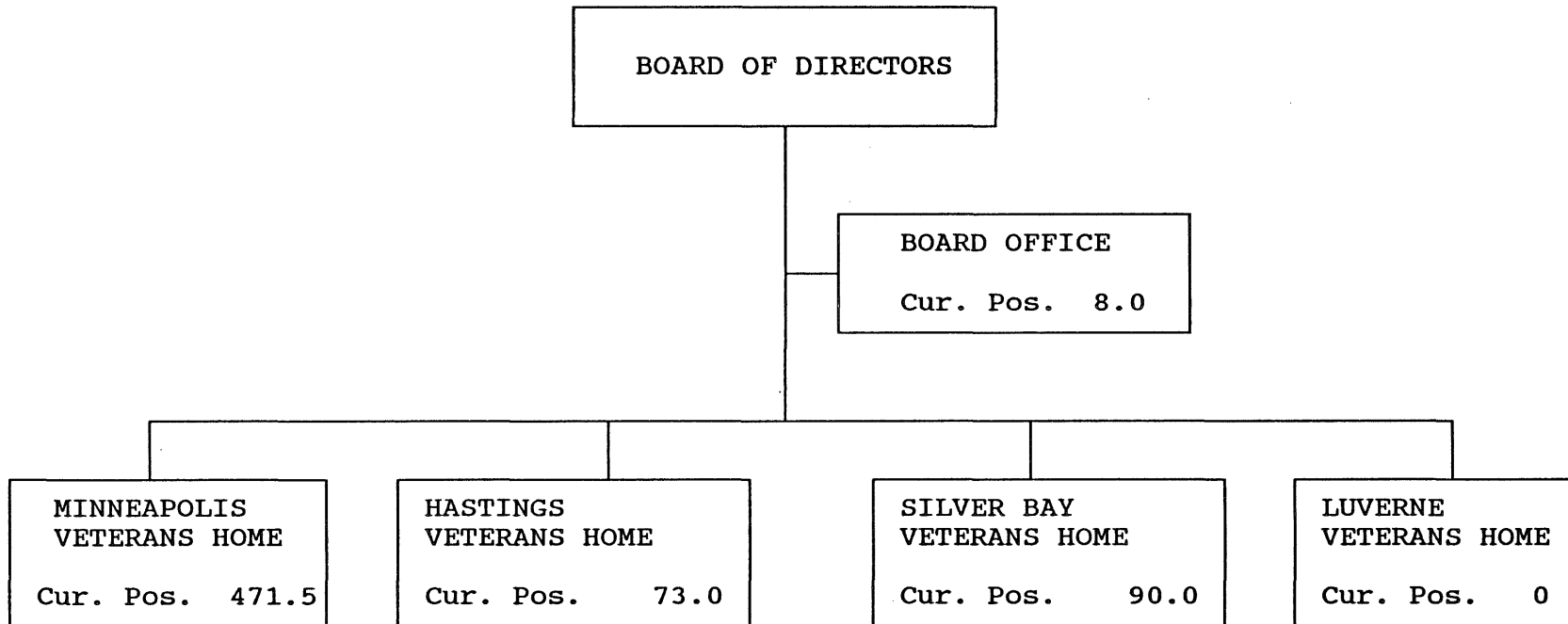
DEDICATED RESOURCES

182

VETERANS HOMES BOARD OF DIRECTORS

184

DEPARTMENT OF VETERANS AFFAIRS - VETERANS HOMES



DEPARTMENT OF VETERANS AFFAIRS - VETERANS HOMES

POSITION AND EMPLOYEE STATUS INFORMATION

Position Reconciliation:

Authority:	Current <u>FY 91</u>	Requested <u>For 6/30/93</u>
Legislative Authorized:		
General Fund	642.5	642.5
Budgetary Authorized:		
LAC Approved:		
 Total Permanent Posi.	<u>642.5</u>	<u>642.5</u>
Other Complement (FTE)	11.0	11.0
TOTAL Positions	653.5	653.5
 Employees on 6/30/90	536	

Employees by Employment Status:

	<u>6/30/90</u>
Full-Time Unlimited	368
Full-Time Temporary	10
Full-Time Emergency	0
Full-Time Seasonal	0
Part-Time Unlimited	138
Part-Time Temporary	2
Part-Time Seasonal	<u>18</u>
 TOTAL	536

AGENCY: Veterans Affairs, Department of

MISSION:

The mission of the Minnesota Veterans Homes is to provide high quality skilled nursing and/or domiciliary care to all residents.

The Minnesota Veterans Homes provide a continuum of care services to the state's veteran population in both long-term and short-term residency programs. These programs are contained within both skilled care and domiciliary care (board and care) settings. In addition, the facilities lease surplus space to a variety of private care programs directed to the veteran community.

The Minnesota Veterans Homes assist each resident to attain and maintain the highest level of function possible with the least restrictive level of care available by the utilization of educational awareness and the development of appropriate treatment programs.

The agency has the responsibility to ensure that the physical plant environment is a safe and therapeutic one in which to work and live.

MAJOR POLICY DRIVERS:

The 3 basic agency objectives are to:

- provide quality care to all residents,
- improve and protect the integrity of the physical plant environments, and
- conduct long-range planning.

The variables that contribute to the cost of providing quality care are:

- staff to meet case mix system,
- the high behavioral needs of the residents beyond case mix allowances,
- increasing cost of nursing supplies which are intensified by the acute needs,
- rising costs of prescription medicines,
- increasing need for dietary supplements,
- increasing need for oxygen therapy support,
- maintenance and adaptations of living environments which support the residents, and
- need to address a newly added mission of restoring and maintaining a historic site which makes demand beyond our primary mission.

As our residents age, their needs increase and the cost of providing care and support services rises accordingly. This "aging-in-place" process is a normal occurrence. Added to this have been the costs of maintaining programs previously available through the Veterans Administration Medical Center which have been curtailed to accommodate cuts within its own budgeting process. While moving the veterans' homes toward becoming nationally recognized centers of excellence in long-term care delivery, we are impeded by the costs of those programs and information bases needed.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The Minnesota Veterans Homes Board of Directors is faced with several difficult decisions in delivering quality care to the residents of the facilities. We will have to make the following adjustments:

- postpone the goal to develop nationally recognized centers of excellence,
- continue to postpone the restoration and maintenance of the historic site at the Minneapolis facility,
- reduce or cease care programs within the facilities,
- reduce current service levels in F.Y. 1993, and
- continue to have difficulty in meeting regulatory standards.

These changes will affect all programs within our facilities, the condition of the physical plant of each facility, the number of clients the homes will be able to serve, and the amount of time future clients will spend on waiting lists. These changes may require the establishment of "service ceilings" which would force the discharge of patients who need a higher level of care than we can provide, and/or the elimination of programs.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VET AFFRS-NURS HOMES

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
VETERANS HOMES	16,972	19,581	22,285	25,519	24,732	24,732	25,457	27,132	27,132
DESIGNATED CONTRIBUTIONS	204	246	350	350	350	350	350	350	350
DEDICATED RESOURCES	1,110	1,091	1,468	1,468	1,468	1,468	1,468	1,468	1,468
VETERANS HOME BOARD OF DIR	125	286	506	493	553	553	492	557	557
TOTAL EXPENDITURES BY PROGRAM	18,411	21,204	24,609	27,830	27,103	27,103	27,767	29,507	29,507
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	125	19,499	21,983	25,204	24,477	24,477	25,141	26,881	26,881
SP REV DIRECT APPROP	16,972								
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	198	234	477	477	477	477	477	477	477
AGENCY	912	857	991	991	991	991	991	991	991
GIFTS AND DEPOSITS	204	614	1,158	1,158	1,158	1,158	1,158	1,158	1,158
TOTAL FINANCING	18,411	21,204	24,609	27,830	27,103	27,103	27,767	29,507	29,507

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: VET AFFRS-NURS HOMES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	24,609	24,609	21,983	21,983	2,626	2,626		
ONE-TIME APPROPRIATIONS	<25>	<25>	<25>	<25>				
SALARY ANNUALIZATION	264	200	264	200				
ANNUALIZG NEW PROG COST	2,976	2,976	2,976	2,976				
DOCUMENTED RENT/LEASE INCR.	6	7	6	7				
TOTAL	27,830	27,767	25,204	25,141	2,626	2,626		
BIENNIAL TOTAL		55,597		50,345		5,252		

The following F.Y. 1991 reductions were implemented in the Laws of 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 and F.Y. 1992-93 base levels within the budget documents.

Program: Silver Bay Veterans Home

General Fund

Silver Bay	(\$ 3,000)
Direct Care Administration - SB	(\$307,000)
Indirect Care - SB	(\$319,000)
Administrative Support - SB	(\$321,000)
TOTAL	(\$950,000)

ACTIVITY:**PROGRAM:** Agency-wide**AGENCY:** Veterans Affairs - Nursing Homes**DECISION ITEM:** Financing Inflationary Costs - Reallocation

Dollars in Thousands

	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
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AGENCY PLAN:**Expenditures**

General Fund

Silver Bay Veterans Home	\$ (1,435)	\$ (728)	\$ 0	\$ 0
Minneapolis Veterans Home	\$ 453	\$ 538	\$ 538	\$ 538
Hastings Veterans Home	\$ 95	\$ 115	\$ 115	\$ 115
Board Office	\$ 60	\$ 65	\$ 65	\$ 65
Total	\$ (827)	\$ (10)	\$ 718	\$ 718

Revenues

General Fund-Silver Bay Vets Home	\$ (827)	\$ (10)	\$ 0	\$ 0
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GOVERNOR'S RECOMMENDATION:**Expenditures**

General Fund

Silver Bay Veterans Home	\$ (1,435)	\$ (728)	\$ 0	\$ 0
Minneapolis Veterans Home	\$ 453	\$ 538	\$ 538	\$ 538
Hastings Veterans Home	\$ 95	\$ 115	\$ 115	\$ 115
Board Office	\$ 60	\$ 65	\$ 65	\$ 65
Total	\$ (827)	\$ (10)	\$ 718	\$ 718

Revenues

General Fund-Silver Bay Vets Home	\$ (827)	\$ (10)	\$ 0	\$ 0
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Requires statutory change: _____ Yes ☒ No**Statutes Affected:****ITEM SUMMARY:**

The agency has funded personal services at 108.4% and 111.1% of rostered positions for fiscal years 1992 and 1993. This appears to exceed the recommendation for personal services but does not when it is taken into consideration that the homes are 24-hour operations. As 24-hour operations, personal services not only include actual salaries but also premium pay (shift differential), overtime (including

In order to fund personal services at this level, the agency has had to reallocate other services funds to personal services. This has not allowed the operating homes (Minneapolis and Hastings) any inflationary increases for food, drugs, nursing supplies, and contract services.

In order to accommodate inflationary increases for these items, the agency proposes to use operating savings made available by a phase-in of the Silver Bay Veterans Home to supplement the budgets of the Minneapolis and Hastings Veterans Homes.

RATIONALE:

By phasing-in operations at the Silver Bay Veterans Home, operating savings will be reallocated to the Minneapolis and Hastings Veterans Homes to fund inflationary increases for food, drugs, nursing supplies, and contract services. This will allow these homes to maintain their quality of care to current residents.

In order to fund expected operating costs (even with the reallocated funds from Silver Bay), however, the Minneapolis and Hastings Veterans Homes will also have to reduce and reallocate special equipment and R&B funds to operations in 1992 and 1993.

Included in this proposal is funding for a position of community relations coordinator. This position will be responsible for increasing gifts and donations to all the veterans homes. The increased gifts and donations will offset or significantly reduce the impact on the homes of having to reallocate funds from special equipment and R&B.

This proposal allows the Minneapolis and Hastings Veterans Homes in F.Y. 1992 to maintain their quality of care. It also allows operations to begin on a phase-in basis at the Silver Bay Veterans Home.

In F.Y. 1993, should the reallocated funds not be sufficient to fund inflationary increases, the Minneapolis and Hastings Veterans Homes may have to reduce or discontinue supportive care services.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM PURPOSE:

The mission of the Minnesota Veterans Homes is to provide high quality skilled nursing and/or domiciliary care. The Minneapolis Veterans Home, which is now more than 100 years old, is licensed to provide 346 beds of skilled nursing care and 194 beds of domiciliary (board and care licensed) care services. The Hastings Veterans Home is licensed to provide domiciliary care for 200 beds. The Silver Bay Veterans Home will be licensed for 89 skilled nursing care beds. The Luverne Veterans Home will be an 84 bed skilled nursing facility.

Under the guidance of the Board of Directors, the campuses work in coordination with each other to ensure high quality care programs are available to all residents. Each home is a life care center, with many different services and programs. The homes serve residents who cannot function independently, those who need skilled nursing care, and those who need a bridge which enables them to return to independent living.

The veterans homes' major objectives are to:

- maximize resident capabilities for independent functioning,
- return our veterans when possible to community life,
- provide or make referral for the provision of services to assist our residents' maintenance of independence and self-worth,
- integrate family members/significant others into the caregiving network,
- ensure a safe and comfortable physical environment, and
- improve access to and coordination of care.

PERFORMANCE:

MINNEAPOLIS

The Minnesota Veterans Home-Minneapolis provides both skilled nursing care and domiciliary care to veterans and their dependents based on their care needs. Within the past 2 years, the Minneapolis facility has undergone a lot of change. New programs and services have been instituted with the resources committed to improving the quality of care services to its residents. Programs have been developed to better respond to residents with increasing care needs, and some renovations have begun which will improve the adequacy of the living environment for the residents. Other improvements which have been initiated over the past two years include:

- initiation of a major focus on quality assurance programs for all departments,
- increased priority for direct care services and support care services,
- development and implementation of programs in psychological, rehabilitation and dementia services,
- improved coordination of physician services with the Minneapolis Veterans Administration Medical Center (VAMC),
- recruitment of qualified staff nurse managers,
- strengthened social service and therapeutic recreational programs,
- improved indirect care support services and resources, and
- onset of much needed physical plant renovations.

As a result of the actions of the past 2 years, and despite the increasingly high level of acuity of needs for the resident population, the facility has continued to meet the Minnesota Department of Health's and the United States Department of Veterans Affairs (USDVA) licensure and certification requirements. The facility has also cleared all citation conditions (with the exception of those relating to physical plant conditions, which are currently in process) issued by regulatory agencies. The facility is in the process of reestablishing itself as a credible long-term care provider, by contracting for training, education and research with the University of Minnesota, the Minneapolis

HASTINGS

The Minnesota Veterans Home-Hastings provides board and care services to veteran residents and their dependents who function at a fairly independent level (case mix A and B) when compared to a nursing home population. Basic needs of the residents include medical; ancillary and nursing care; psychosocial support and counseling; job counseling and employment referrals; therapeutic recreation and use of leisure time activities; therapeutic nutrition care; and a safe, comfortable and clean homelike environment.

Due to this Home's high proportion (80%) of residents with psychiatric diagnoses, including chemical dependency, the majority of residents require aftercare and specialized psychological services. The Home provides a full range of services, in cooperation with the Veterans Administration Medical Center (VAMC), to meet the needs of its residents. Services provided on-site are:

- medical care and inpatient acute care,
- social services (referral and counseling),
- psychological services,
- recreational, rehabilitative, vocational and wellness promotion programs,
- nutritional support and counseling, chemical dependency counseling and aftercare programming,
- adult skills enrichment education,
- advocacy through both resident and family councils,
- transportation, volunteer services,
- housekeeping and maintenance of physical plant and grounds, and
- management support services.

Performance measurements of how well MVH-Hastings meets its objectives and meets resident needs are best fitted to outcome, impact and quality indicators of effectiveness. MVH-Hastings program objectives can be measured as follows:

1. 90% of residents achieved the most independent level of functioning (case mix A) in the past.
2. 38% of the discharges in the last year were to independent living.
3. Family involvement increased due to the formation and active participation in the Family Council at the Home.
4. Compliance with Minnesota Health Department standards increased from 98% to 99% in the last year.

Prolonged support of professional and informal care treatments can delay the need for intensive residential care in a skilled nursing care facility, which is more costly.

SILVER BAY

During the last 2 years, an elementary school built in 1953 has been renovated and remodeled into a skilled nursing care facility. We project that the facility will begin accepting residents in the fall of 1991.

LUVERNE

The 1989 legislature passed legislation for the construction of a skilled nursing care veterans home. Non-state funds were secured for the local participation and federal approval was received in 1989. Notification of federal funding was received in January, 1991.

PROSPECTS:

MINNEAPOLIS

While there has been significant progress at the facility over the past 2 years, there are several factors which are impeding the facility's efforts to continue providing quality care services in the months to come. Chief among these factors is the increased demand for very high levels of skilled nursing care services. Over the past 2 years, the facility's case mix rating has increased from 2.1 to 2.5 (max is 4.01). This is a result of the significant "aging in place" of the existing resident population. This increase in the acuity level of our population within the constraints of current funding levels, has resulted in a longer waiting list for new admissions of veterans needing the higher long term care level. This has caused the assignment of existing resources to programs for the most needy residents at the expense of many other needed programs and supports. As an example, over the past 2 years the facility has needed to develop very expensive programs providing such services as oxygen therapy, special diets, and special pharmaceutical supplies and services. The other major factor which has negatively impacted the facility is the lack of resources to restore an appropriate physical plant environment for care and services. Many of the skilled care residents are now eating in the hallways because of the lack of eating space close enough to be accessed, and also bringing deteriorating yet historic buildings into compliance with life-safety codes.

HASTINGS

The high cost of providing long term care is steadily increasing at all levels. At the same time, federal supports are diminishing in availability. Concurrent with diminishing federal support, there is an increasing need for long term care services for veterans associated with the aging of the veteran population.

The United States Department of Veterans Affairs' per diem payments have not kept pace with actual cost increases to care for veterans. Also, in 1990 we have seen a marked change in policy from USDVA concerning state veterans' homes with regard to capital construction projects. Rehabilitation and renovation of existing facilities no longer receive a priority over the development of new facilities. The lack of federal matching funds will adversely affect the ability of the Hastings facility to comply with the Minnesota Health Department's requirement of room sizes smaller than 4 persons each.

Life safety regulations, including hazardous materials management, have required an increased use of manpower and dollars in the last 3 years. Continued energy and financial support will be necessary to maintain ongoing compliance with life safety codes and OSHA regulations.

SILVER BAY

The Silver Bay Veterans Home will be licensed for 89 skilled nursing care beds. This facility will offer programs and services to residents that are similar to programs offered at other veterans' homes and tailored to the Silver Bay residents' needs.

The Silver Bay Veterans Home is expected, with the annualized funding levels, to be fully operational in 1992. However, our costs are based on projections and not actual history.

PLAN:

MINNEAPOLIS

As federal supports fail to keep pace with rising costs of providing quality long term care, and as the acuity level of our resident population continues to increase, the Minneapolis facility will have to operate domiciliary care at less than licensed level; curtail current initiatives to develop better program coordination through sharing in alternative care program development; continue to delay

admitting veterans needing its services; and reduce recently enhanced support services programs.

HASTINGS

In attempting to function at the current funding level through the 1992-1993 biennium, the Hastings facility will have to place its priority upon maintaining the integrity of the programs and support services it offers its residents. This may mean that bed availability could be further restricted as the facility is currently staffed and funded for an occupancy of 130 persons, yet licensed for 200 beds since resources are dedicated to meeting current needs. This may also require the curtailment of our current initiatives of developing better program coordination through sharing in alternative care programs.

SILVER BAY

The facility is projected to begin admitting residents in the fall of 1991. It is projected, by phasing in, to be fully operational by late summer of 1992.

LUVERNE

Construction is projected to begin in early summer, 1991. Following the completion of construction but prior to opening in the spring of 1993, a management team will be hired to complete the necessary steps for licensing of a skilled nursing care facility.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VET AFFRS-NURS HOMES
PROGRAM: VETERANS HOMES

ACTIVITY RESOURCE ALLOCATION:	FY 1992						FY 1993		
	FY 1989	FY 1990	Est. FY 1991	Adjusted	Agency	Governor	Adjusted	Agency	Governor
				Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT CARE ADMIN - MPLS	8,156	9,378	9,885	10,963	11,316	11,316	10,865	11,278	11,278
INDIRECT CARE ADMIN - MPLS	4,228	4,755	4,558	5,001	5,101	5,101	4,998	5,123	5,123
ADMINISTRATIVE SUPPORT-MPLS	2,174	2,144	2,306	1,381	1,381	1,381	1,429	1,429	1,429
DIRECT CARE-HASTINGS	609	798	863	873	885	885	906	918	918
INDIRECT CARE-HASTINGS	1,235	1,513	1,570	1,620	1,662	1,662	1,618	1,679	1,679
ADMINISTRATIVE SUPPORT-HAST	472	617	685	780	821	821	741	783	783
SILVER BAY VETERANS HOME		26	199	318	236	236	318	269	269
DIRECT CARE ADMIN-SILVER BAY	98		364	1,752	1,010	1,010	1,751	1,484	1,484
INDIRECT CARE ADMIN-SILVER BAY			408	893	716	716	893	842	842
ADMIN SUPPORT-SILVER BAY			694	1,185	751	751	1,185	824	824
LUVERNE START-UP		350	753	753	853	853	753	2,503	2,503
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	16,972	19,581	22,285	25,519	24,732	24,732	25,457	27,132	27,132
DETAIL BY CATEGORY:									

STATE OPERATIONS	16,972	19,581	22,285	25,519	24,732	24,732	25,457	27,132	27,132
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	16,972	19,581	22,285	25,519	24,732	24,732	25,457	27,132	27,132
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL		19,231	21,532	24,766	23,979	23,979	24,704	26,379	26,379
SP REV DIRECT APPROP	16,972								
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		350	753	753	753	753	753	753	753
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	16,972	19,581	22,285	25,519	24,732	24,732	25,457	27,132	27,132

ACTIVITY: Luverne Veterans Home
PROGRAM: Veterans Homes
AGENCY: Veterans Affairs-Nursing Homes

The Governor concurs with the agency's plan.

DECISION ITEM: Funding for Luverne Veterans Home

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures					
General Fund	\$ 100	\$ 1,750	\$ 3,160	\$ 3,910	
Revenues					
General Fund	\$ 0	\$ 100	\$ 887	\$ 1,890	

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$ 100	\$ 1,750	\$ 3,160	\$ 3,910	
Revenues					
General Fund	\$ 0	\$ 100	\$ 887	\$ 1,890	

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

The Veterans Home Board was notified in January, 1991, that federal funding is available for the construction of a new veterans home in Luverne. This proposal provides funding for staff and operations costs during the development and opening phases of the facility.

RATIONALE:

The construction of this 84-bed skilled nursing care veterans home is projected to begin in the summer of 1991. It is projected to be completed by the summer of 1992. The facility would then complete the necessary steps to secure licensing.

By the spring of 1993, the facility will begin admitting residents. The facility will phase-in operations at a rate of 20 residents every six months until full occupancy is achieved in the fall of 1994.

The projected costs of this facility are based on the experience of the Minneapolis Veterans Home for skilled nursing care.

1992-93 Biennial Budget

PROGRAM: Designated Contributions
Agency: Veterans Affairs - Veterans Homes

PROGRAM PURPOSE:

The agency is authorized to accept gifts, donations, and trusts to be used for the benefit of the residents.

PERFORMANCE:

These funds are received, deposited into the State Treasury, and expended on various activities, equipment, and materials for the residents. These include such things as recreational therapy outings for residents, whirlpool tubs, and supplies and materials for resident use in recreational/rehabilitative therapy programs.

PROSPECTS:

The agency will continue to receive and expend funds within the purposes stated by the donor.

PLAN:

The agency will continue to solicit, receive, and expend funds within the purposes stated by the donor.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VET AFFRS-NURS HOMES
PROGRAM: DESIGNATED CONTRIBUTIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DESIGNATED CONTRIB - MPLS	204	119	136	136	136	136	136	136	136
DESIGNATED CONTRIB - HASTNG		127	161	161	161	161	161	161	161
DESIGNATED CONTRIB - SILVER BAY			53	53	53	53	53	53	53
TOTAL EXPENDITURES BY ACTIVITY	204	246	350	350	350	350	350	350	350
DETAIL BY CATEGORY:									
STATE OPERATIONS	204	246	350	350	350	350	350	350	350
TOTAL EXPENDITURES BY CATEGORY	204	246	350	350	350	350	350	350	350
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	204	246	350	350	350	350	350	350	350
TOTAL FINANCING	204	246	350	350	350	350	350	350	350

PROGRAM: Dedicated Resources
Agency: Veterans Affairs - Veterans Homes

1992-93 Biennial Budget

PROGRAM PURPOSE:

The agency leases space surplus to their current needs or that is not suitable for use as health care facilities.

The agency accepts funds from residents for safekeeping purposes to be returned to residents on demand. The funds are deposited into the State Treasury.

PERFORMANCE:

The agency utilizes receipts from the rental or lease of space to defray the cost of maintaining and heating these buildings.

Interest earned on resident accounts is used to fund various rehabilitation activities that add to the quality of life for the residents.

PROSPECTS:

The agency will continue to lease or rent space surplus or unsuitable to their needs, thereby generating income which can be used to maintain the condition of these buildings, make minor repairs, and improvements, as well as defraying costs of fuel and utilities.

The agency will continue to accept residents' funds for safekeeping purposes and to utilize the interest earnings for resident programs.

PLAN:

The agency will utilize rental or lease receipts to defray the cost maintaining and heating surplus space and space that is unsuitable to their needs.

The agency will continue safeguarding resident funds and utilizing the interest earnings for resident activities.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VET AFFRS-NURS HOMES
PROGRAM: DEDICATED RESOURCES

				FY 1992			FY 1993		
			Est.	Adjusted	Agency	Governor	Adjusted	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DEDICATED RESOURCES-MPLS	836	790	878	878	878	878	878	878	878
DEDICATED RESOURCES-HAST	274	301	590	590	590	590	590	590	590
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	1,110	1,091	1,468	1,468	1,468	1,468	1,468	1,468	1,468
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	1,110	1,091	1,468	1,468	1,468	1,468	1,468	1,468	1,468
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	1,110	1,091	1,468	1,468	1,468	1,468	1,468	1,468	1,468
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	198	234	477	477	477	477	477	477	477
AGENCY	912	857	991	991	991	991	991	991	991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,110	1,091	1,468	1,468	1,468	1,468	1,468	1,468	1,468
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

PROGRAM: Veterans Home Board of Directors
Agency: Veterans Affairs

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Laws of Minnesota 1988 (Chapter 699) created the Board of Directors and established its function as a governing board of all veterans' homes. Through this function the board assists each of our facilities in providing high quality skilled nursing and/or domiciliary care.

The Board of Directors, with direction from and support of state regulatory agencies, has developed a management team which:

- coordinates the use and development of information,
- suggests methods of operation and alternatives,
- monitors the programs for compliance to applicable rules, laws and regulations, and
- explores long range alternatives for program restructuring.

To avoid unnecessary layers in our organizational structure, the management staff does not have direct support staff but instead works with or coordinates with its complimentary function within the facilities.

PERFORMANCE:

The board's priorities in the first 2 years have been to:

- understand the needs of the facilities,
- insure that the veterans' homes are providing a high quality of care to their residents,
- correct the previous citations,
- renovate the Silver Bay facility using non-state funds secured prior to the creation of the board, and
- develop the plans for a veterans' home in Luverne that will qualify for federal funding as a skilled nursing care facility.

This structure is proving to be beneficial in addressing day-to-day needs, insuring coordination of information, and identifying long-range goals of the facilities.

PROSPECTS:

The board and its staff will continue to serve the daily needs of the homes and monitor the homes' actions to ensure the achievement of short and long-range goals.

PLAN:

The agency will continue to redefine the long-range goals of the homes as the needs of the veteran population changes. Staff will continue coordination of the homes management and implementation of appropriate programs.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VET AFFRS-NURS HOMES
PROGRAM: VETERANS HOME BOARD OF DIR

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
VETERANS HOMES BOARD	125	286	506	493	553	553	492	557	557
TOTAL EXPENDITURES BY ACTIVITY	125	286	506	493	553	553	492	557	557
DETAIL BY CATEGORY:									
STATE OPERATIONS	125	286	506	493	553	553	492	557	557
TOTAL EXPENDITURES BY CATEGORY	125	286	506	493	553	553	492	557	557
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	125	268	451	438	498	498	437	502	502
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS		18	55	55	55	55	55	55	55
TOTAL FINANCING	125	286	506	493	553	553	492	557	557

PROGRAM STRUCTUREAGENCY: CORRECTIONS, DEPARTMENT OFPROGRAMPAGE

CORRECTIONAL INSTITUTIONS

194

MCF-Faribault
MCF-Red Wing
MCF-Lino Lakes
MCF-Shakopee
MCF-Willow River/Moose Lake
MCF-Sauk Centre
Thistledeu Camp
MCF-Stillwater
MCF-St. Cloud
MCF-Oak Park Heights
Health Care
Education
Institution Support Services

COMMUNITY SERVICES

198

Probation and Supervised Release
Community Corrections Act
Community Projects
Facilities Planning and Inspection
Community Services Support

VICTIM SERVICES

204

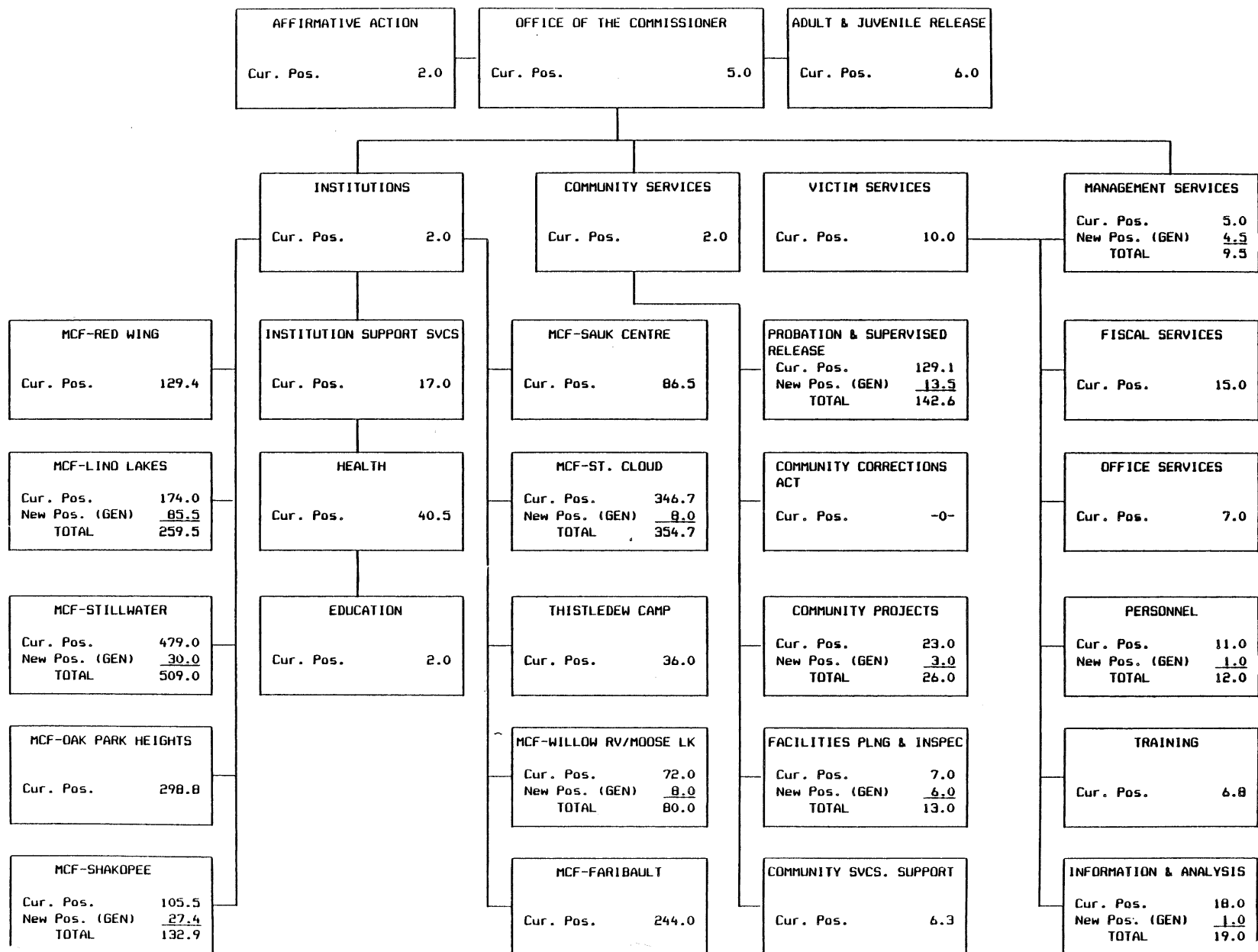
Victim Services

MANAGEMENT SERVICES

206

Administrative Management
Fiscal Services
Office Services
Personnel
Training
Information and Analysis

DEPARTMENT OF CORRECTIONS ORGANIZATION CHART 7/1/90



DEPARTMENT OF CORRECTIONS
POSITION AND EMPLOYEE STATUS INFORMATION

POSITION RECONCILIATION:		
Authority:	Current FY 91	Requested For 6/30/93
Legislative Complement:		
General Fund	245.0	245.0
Legislative Authorized:		
General Fund	1,882.0	2,069.9
Special Revenue	53.8	46.3
Federal	6.9	6.9
Agency	1.5	1.5
Correctional Industry	68.1	68.1
Budgetary Authorized:		
Special Revenue	16.5	-0-
Federal	3.0	1.0
Agency	1.0	1.0
Correctional Industry	8.8	9.0
Total Permanent Positions	2,286.6	2,448.7
Other Complement (FTE)	3.0	3.0
TOTAL Positions	2,289.6	2,451.7
Employees on 6/30/90	2,201	

EMPLOYEES BY EMPLOYMENT STATUS:	
	6/30/90
Full-Time Unlimited	1,980
Full-Time Temporary	62
Full-Time Emergency	3
Part-Time Seasonal	1
Part-Time Unlimited	124
Part-Time Temporary	3
Part-Time Emergency	2
Intermittent Unlimited	25
Intermittent Emergency	1
TOTAL	2,201

MISSION:

The Department of Corrections was established in 1959 by the state legislature to consolidate a number of fragmented correctional services and functions under a single department. It derives its authority from statutory provisions which outline and define its responsibilities as a part of the executive branch of state government. The primary purpose of the department is clearly one of public protection by reducing criminal behavior through incarceration of offenders and through the development of programs. Programs are designed to increase the likelihood that those committed to the custody of the department will function as law-abiding citizens when returned to the community.

The department is responsible for the operation of 10 correctional facilities necessary for confinement, control, and treatment of juvenile and adult offenders committed to the Commissioner of Corrections. This responsibility includes defining the purpose of these correctional facilities and the mission of each facility.

The department is responsible for development and delivery of a wide variety of correctional services for juvenile and adult offenders on probation, supervised release, and parole. It also has responsibility for a range of investigative and information reporting services for courts of the state.

As mandated by the Community Corrections Act and other legislation, the department administers subsidies to units of local government for provision of correctional services. These services are monitored by the department through the provision of technical assistance and enforcement of promulgated rules.

The department has statewide regulatory responsibility for inspection and licensing of jails, lockups, residential and detention facilities, and group homes which house selected individuals involved in the criminal and juvenile justice systems.

The department is charged with conducting ongoing planning, research, evaluation, and staff training to ensure efficient, effective delivery of correctional programs and services.

In addition, the department is legislatively mandated to provide financial and technical assistance to public and private agencies or organizations to provide services to victims of crime.

The department is organized into 3 programmatic functions: institution services, community services and management services. These programs carry out the mission of the department through the following objectives:

- Institution Services operates 7 adult, 1 adult/juvenile and 2 juvenile facilities in a secure, safe, just and humane manner with meaningful programs for inmates. Support service functions plan, implement and coordinate inmate health care, educational services, industry programs, and the safe transportation of inmates between facilities.
- Community Services provides a broad range of correctional services in the community including the inspection of jail and local facilities, probation, supervised release, work release and investigative services, administration of the Community Corrections Act and technical assistance and subsidies to counties not participating in the Act and community residential programs. The objective of these services is to protect the public, to control criminal behavior, to further the development of the skills offenders require to function in a normal community setting and to assist with compliance with jail standards relating to local correctional facilities.
- Management Services provides a broad range of management support services throughout the department to provide leadership and direction that will contribute to accomplishing the department's mission. Included are the administrative management of the department, affirmative

action, fiscal services, adult and juvenile release, inmate discipline, hearing officer services, office management, personnel, staff training, and information systems.

MAJOR POLICY DRIVERS:

Population - The number of adult inmates incarcerated in state prisons has been increasing since 1981 with rapidly accelerating increases in more recent years. The total number of inmates is increasing from 1,919 in 1981 to a projected 3,211 in F.Y. 1991. Projections for F.Y. 1993 indicate an adult population of 3,584 and a population of 4,226 by the year 2000.

An upswing in the number of commitments of male offenders from the courts to the department is one reason for this increase. Commitments in 1980 averaged 70 per month while for 1990, commitments average 161 per month. Another reason for the growth in male commitments is the effect of the increases in criminal penalties made by the state legislature and Sentencing Guidelines Commission. It appears that female populations are increasing also due to high commitments. A buildup of female inmates with long sentences has also contributed to the higher population.

Many states have massive and costly new prison construction projects underway. In Minnesota, prison capacity has been expanded by adding beds at existing facilities and by converting space available in state regional treatment centers. That trend is expected to continue to meet the demand for prison beds and no new prisons are planned at this time.

There are a number of options that could address population increases, such as modifying sentencing guidelines; reducing short-term commitments; expanding work release and intensive supervision; increasing electronic monitoring; and at the local level, sentencing to service. While some of these options are already in use, others including modifying sentencing guidelines and administratively reducing sentences all run contrary to current public opinion.

It should also be emphasized that the increase in offender populations is not solely a phenomenon at the state level; it permeates the system including county and municipal levels. Thus, Community Services finds its workload increasing in probation, supervised release, work release and residential placement, licensing and inspection of jails, technical assistance and training to jail operators and services to victims of crime. Further, new demands are made for increased funding by the Community Corrections Act counties to address the disproportionately faster rate of local funding versus state funding for community correctional services.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

With increasing offender populations and demands for correctional services at all levels coupled with the fact that the system is operating at capacity, increased funding will be necessary to meet the department's basic mission. The cost of providing these services exceeds the base budget by the amounts shown below.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Salary Inflation	\$ 2,227	\$ 4,554
Institution Services	10,790	15,916
Community Services	5,294	5,439
Management Services	331	308
Total	<u>\$ 18,622</u>	<u>\$ 26,217</u>

CORR.AGY
March 26, 1991/mk

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CORRECTIONS,DPT OF

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CORRECTIONAL INSTITUTIONS	101,083	114,974	130,679	128,793	128,793	141,810	129,857	129,857	150,327
COMMUNITY SERVICES	25,759	30,474	38,362	37,087	37,087	42,361	37,167	37,167	42,606
VICTIM SERVICES	4,825	5,719	6,444	6,331	6,331	6,331	6,330	6,330	6,330
MANAGEMENT SERVICES	4,378	5,005	5,824	5,502	5,502	5,833	5,497	5,497	5,805
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	136,045	156,172	181,309	177,713	177,713	196,335	178,851	178,851	205,068
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
GENERAL	102,947	126,565	146,066	142,913	142,913	161,535	142,611	142,611	168,828
STATUTORY APPROPRIATIONS:									
GENERAL	23	85	5						
SPECIAL REVENUE	13,800	7,602	7,975	6,758	6,758	6,758	7,005	7,005	7,005
FEDERAL	2,235	2,056	4,476	3,868	3,868	3,868	3,870	3,870	3,870
AGENCY	8,170	8,679	9,931	10,752	10,752	10,752	11,280	11,280	11,280
GIFTS AND DEPOSITS	58	66	32	3	3	3	3	3	3
CORRECTIONAL INDUS	8,812	11,119	12,824	13,419	13,419	13,419	14,082	14,082	14,082
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	136,045	156,172	181,309	177,713	177,713	196,335	178,851	178,851	205,068

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: CORRECTIONS, DPT OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	181,309	181,309	146,071	146,071	30,762	30,762	4,476	4,476
ONE-TIME APPROPRIATIONS	<250>	<250>	<250>	<250>				
BIENNIAL APPROPRIATIONS	150	148	150	148				
APPROPRIATIONS CARRIED FWD	<4,535>	<4,535>	<4,535>	<4,535>				
BASE TRANSFER (BTHN AGENCIES)	200	200	200	200				
SALARY ANNUALIZATION	1,270	956	1,270	956				
DOCUMENTED RENT/LEASE INCR.	11	26	11	26				
DEDICATED RECEIPTS AND FUNDS	165	1,603	<5>	<5>	170	1,608		
FEDERAL RECEIPTS	<608>	<606>					<608>	<606>
BASE TECHNICAL ADJUSTMENTS	1		1					
TOTAL	177,713	178,851	142,913	142,611	30,932	32,370	3,868	3,870
BIENNIAL TOTAL		356,564		285,524		63,302		7,738

ACTIV: Various
PROGR: Agency-wide Decision
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Financing Non-Salary Inflationary Costs - Informational

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund - Inflation	\$ 2,513	\$ 5,138	\$ 5,138	\$ 5,138
- Reduction	<u>(2,513)</u>	<u>(5,138)</u>	<u>(5,183)</u>	<u>(5,138)</u>
	-0-	-0-	-0-	-0-

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

Following the Biennial Budget instructions, inflation is projected at 4.5% each year and applied across the board for all non-salary activities. This includes operations as well as grants. Salary inflation is not included here but is addressed in a separate decision item entitled Salary Inflation.

RATIONALE:

The department would be required to hold all general fund grants at the 1991 level to conserve state dollars except for the Community Corrections Act which is addressed in a separate decision item. This will reduce the inflation amount by \$1.1 the first year and \$2.3 the second year of the F.Y. 1992-93 biennium, but leaves inflation on operating activities unfunded by \$4.2 million for the biennium.

For operating activities, such as health care, food preparation educational services, chaplaincy, utilities, supplies and other expense, the department, will reallocate funds and/or reduce services to operate its facilities and programs to the extent possible. Security and safety will be the first consideration. Programs such as chemical dependency, sex offender treatment, education, vocational chaplaincy, and parenting will be reduced only if necessary. Reducing the inmate population is desirable but contrary to current public policy.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY: Various
PROGRAM: Agency-wide Decision
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Salary Inflation for Security Personnel

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures				
General Fund	\$ 2,227	\$ 4,554	\$ 4,554	\$ 4,554

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 2,227	\$ 4,554	\$ 4,554	\$ 4,554

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This funding for salary inflation is required to keep agency positions filled that are for security or that directly supervise inmates or offenders in order to maintain security in the correctional facilities and in the field.

RATIONALE:

Given that salary inflation may occur in the coming biennium the department would incur the following salary obligations.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Salary increases (all positions)	\$ 4,040	\$ 8,477	\$ 8,477	\$ 8,477
Security positions	<u>(2,227)</u>	<u>(4,554)</u>	<u>(4,554)</u>	<u>(4,554)</u>
Non-security positions	1,813	3,923	3,923	3,923

This request for funding includes only those positions that are direct security or that directly supervise inmates or offenders. They are the same positions considered vital under the current executive order to reduce State expenditures. However, this funding request does not address the non-security related positions totaling \$5.7 million for the biennium or the existing base shortage in the department's salary account.

Currently, the Department of Corrections' positions are underfunded by \$1.1 million each year. This

has resulted from receiving only 75 percent of the amount needed to fund salary increases resulting from bargaining agreements in the current biennium. In addition, other salary obligations including health insurance premiums for early retirees (\$350,000 per year) and workers' compensation payments (\$350,000 per year) are unfunded for a total base salary shortage of \$1.8 million. This base shortage will be covered internally by savings from the department's average vacancy rate which is approximately 2.5 percent or 50 positions.

The department will be required to evaluate its programs and may reduce or eliminate them to the extent needed to meet the non-security salary obligations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM PURPOSE:

The Institutional Services Program includes the operation of 10 correctional facilities plus the department-wide coordination and supervision of institution health care, education, industry and other support services. The facilities serve a dual purpose - to protect the public by incarceration of the offender and to provide industrial, vocational, academic and therapeutic opportunities for inmates that help them to return to the community as law-abiding citizens. The mission of the Institutions is to provide a safe, secure and humane environment while offering various programs to inmates.

1. Minnesota Correctional Facility-Faribault (MCF) is the state's newest correctional facility and shares the campus at the Faribault Regional Treatment Center. It opened in F.Y. 1990 for minimum security inmates and became a medium security facility in October, 1990. In the coming biennium, it will house about 432 medium security inmates. It is for adult males and provides an opportunity for inmates to participate in work programs with training and self-discipline.
2. MCF-Red Wing receives and treats delinquent juvenile males up to 19 years of age committed to the Commissioner of Corrections from the juvenile courts in 21 southeastern Minnesota counties including Hennepin County. Red Wing is also a minimum security facility for adult male offenders nearing their release dates.
3. MCF-Lino Lakes is for adult male offenders in medium security and provides opportunities for inmates to participate in work programs with training and self-discipline.
4. MCF-Shakopee provides for adult female offenders and offers activities in education, vocational education, specialized programming such as chemical dependency, parenting, independent living skills, battered women's groups, recreation, work release and industry programs.
5. MCF-Willow River/Moose Lake is for both adult male and female offenders. Programming for adult males includes vocational, academic, work and group treatment at the Willow River site and a short-term offender program at Moose Lake. In November, 1990, a unit opened at Moose Lake to provide education and work programs for up to 60 adult female offenders.
6. MCF-Sauk Centre receives and treats delinquent juvenile males from juvenile courts in 66 counties in western Minnesota and delinquent girls from juvenile courts from all of Minnesota. Currently, juvenile girls are being retained in community resources rather than at MCF-Sauk Centre.
7. Thistledeew Camp provides on a per diem basis an educational and confidence building outdoor survival program for young men 13 to 18 years of age who experience difficulties in their home communities. Thistledeew Camp is available for use by all juvenile county courts in Minnesota and operates through purchase of service agreements with counties and the local school district.
8. MCF-Stillwater provides academic, vocational, therapeutic and work opportunities for inmates. Stillwater is the state's largest correctional facility and serves as the receiving institution for all convicted male felons aged 24 and older.
9. MCF-St. Cloud is a receiving facility for younger adult male offenders. Programming includes academic, vocational, chemical dependency, individual, group and job counseling, and work programs. With younger adult males, the emphasis is on education, especially vocational education.
10. MCF-Oak Park Heights is the state's maximum security facility and is designed to receive inmates transferred from the St. Cloud and Stillwater facilities. Inmates at MCF-Oak Park

Heights are classified as maximum custody or risks to the public including those convicted of serious person offenses, high escape risks and dangerous and disruptive management problems from other institutions. It offers various programs to inmates with an emphasis on industry programming.

Institution Support Services coordinates health care, education, industries, transportation of inmates, fugitive arrests, facility planning and development, and accreditation activities to ensure that adequate services are provided efficiently at each institution and to prevent duplication of these services within the department.

PERFORMANCE:

Although state correctional facilities are full and inmate populations continue to increase, Minnesota has not been confronted with the dangerous prison crowding problems faced in many states. There are 41 states under federal court order to reduce populations and build more prisons due to unconstitutionally crowded conditions.

Minnesota's sentencing guidelines, its strong probation system, and community corrections apparatus are all factors in controlling inmate populations. Minnesota's system is designed to reserve expensive prison space for only those serious criminals who need it and to have local sanctions such as jails, workhouses, or sentencing to service programs for less serious property offenders.

Corrections' inmate return rate is relatively low. Eighty percent of those released do not return to prison as the result of a new crime after 2 years. Eleven percent come back because they have violated a condition of release, which in most cases involves use of alcohol/drugs or absconding from a halfway house.

PROSPECTS:

Inmate population projections prepared by the Corrections Department and the Minnesota Sentencing Guidelines Commission in September, 1990, indicate that the number of inmates will continue to increase. The adult male population is projected to increase by 437 inmates between F.Y. 1991 and F.Y. 1993. Longer term projections through 2000 have also been calculated. Although these longer term projections are less reliable due to the many factors that can change over time, the projections for male inmates show that the increase from F.Y. 1991 will total 962 by the year 2000. Adult female populations are also increasing. Projections indicate an increase of 15 by F.Y. 1993 and an additional 28 by the year 2000. The trend in juvenile populations remains relatively stable.

The following chart indicates the number of beds needed to meet the population projections for F.Y. 1992 and F.Y. 1993.

	F.Y. 1990-91			F.Y. 1992			F.Y. 1993			Increase FY 90-91 to 1993
	Adult	Juvenile	Total	Adult	Juvenile	Total	Adult	Juvenile	Total	
Adult Male	3,097		3,097	3,384		3,384	3,534		3,534	437
Adult Female	172		172	202		202	202		202	30
Juvenile		170	170		170	170		170	170	-0-
Total	3,269	170	3,439	3,586	170	3,756	3,736	170	3,806	467

PROGRAM: Correctional Institutions
(Continuation)
Agency: Corrections, Department of

1992-93 Biennial Budget

PLAN:

Corrections is in the process of opening the MCF-Faribault, a medium security facility for adult males on the Faribault Regional Treatment Center campus. Plans for bringing buildings on line at MCF-Faribault correspond to the need for beds for the growing male population. Construction at MCF-Lino Lakes will provide an additional 150 beds for adult males beginning in July, 1992 bringing the total at MCF-Lino Lakes to 450. With the addition of 90 beds at MCF-Stillwater and 20 at MCF-St. Cloud, the population projections should be met in the F.Y. 1992-93 biennium.

Costs of the increased workload are shown below and include 62.7 positions the first year and 148.2 positions the second year.

	<u>1992</u>	<u>1993</u>
Institution Services	\$10,790	\$15,916

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

INSTSVS.PRO
03/22/91 2:40 pm cm

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CORRECTIONS,DPT OF
PROGRAM: CORRECTIONAL INSTITUTIONS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
MCF-FARIBAULT		5,312	13,973	11,973	11,973	17,666	12,176	12,176	17,386
MCF-RED WING	7,133	6,951	7,117	7,126	7,126	7,126	7,105	7,105	7,105
MCF-LINO LAKES	11,549	11,989	12,527	13,040	13,040	13,040	13,250	13,250	18,249
MCF-SHAKOPEE	4,658	5,473	6,062	5,775	5,775	6,513	5,953	5,953	6,691
MCF-WILLOW RIVER/MOOSE LAKE	3,207	3,380	5,322	5,369	5,369	5,733	5,361	5,361	5,698
MCF-SAUK CENTRE	4,201	4,401	4,740	4,604	4,604	4,710	4,592	4,592	4,698
THISTLEDEW CAMP	1,818	1,880	2,051	2,130	2,130	2,130	2,274	2,274	2,274
MCF-STILLWATER	29,723	33,817	34,760	34,789	34,789	37,326	34,967	34,967	37,256
MCF-ST CLOUD	17,825	19,425	20,039	20,043	20,043	20,638	19,994	19,994	20,638
MCF-OAK PARK	16,363	17,312	18,276	18,254	18,254	18,254	18,504	18,504	18,504
HEALTH CARE	3,494	3,779	4,101	4,110	4,110	4,646	4,104	4,104	5,295
EDUCATION	425	482	458	460	460	460	459	459	459
INSTITUTION SUPPORT SERV	687	773	1,253	1,120	1,120	3,568	1,118	1,118	6,074
TOTAL EXPENDITURES BY ACTIVITY	101,083	114,974	130,679	128,793	128,793	141,810	129,857	129,857	150,327
DETAIL BY CATEGORY:									
STATE OPERATIONS	101,038	114,939	130,648	128,762	128,762	141,779	129,826	129,826	150,296
LOCAL ASSISTANCE	5	5	1	1	1	1	1	1	1
AID TO INDIVIDUALS	40	30	30	30	30	30	30	30	30
TOTAL EXPENDITURES BY CATEGORY	101,083	114,974	130,679	128,793	128,793	141,810	129,857	129,857	150,327
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	74,535	89,806	102,890	100,665	100,665	113,682	100,389	100,389	120,859
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	8,989	4,743	4,512	3,456	3,456	3,456	3,603	3,603	3,603
FEDERAL	835	771	715	718	718	718	720	720	720
AGENCY	7,863	8,474	9,711	10,532	10,532	10,532	11,060	11,060	11,060
GIFTS AND DEPOSITS	49	61	27	3	3	3	3	3	3
CORRECTIONAL INDUS	8,812	11,119	12,824	13,419	13,419	13,419	14,082	14,082	14,082
TOTAL FINANCING	101,083	114,974	130,679	128,793	128,793	141,810	129,857	129,857	150,327

ACTIVITY: Program-wide Decision
PROGRAM: Correctional Institutions
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Corrections Population Increase

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures				
General Fund	\$ 10,790	\$ 15,916	\$ 14,815	\$ 14,815

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 10,790	\$ 15,916	\$ 14,815	\$ 14,815

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

This funding is required to house the rapidly expanding prison population in facilities which meet the test of constitutional conditions of confinement.

RATIONALE:

Minnesota has been experiencing rapidly increasing prison populations. This trend is projected to continue. Although the crime rate for the most serious crimes has not changed dramatically in the 1980's many other factors have combined to result in the increased numbers of persons in state prisons. Some of these factors are general growth in the population, the creation in law of new penalties, longer sentences, increased police enforcement, and aggressive prosecution.

Minnesota spent less on state prisons per citizen than all but 2 other states in the most recent comparison. Lower risk offenders tend to be placed in community corrections facilities and programs. Thus, the corrections department receives high risk offenders and those with long criminal histories.

The Minnesota Department of Corrections is one of only 9 states that has not been under court order to reduce prison populations or otherwise make the prison system constitutional. Minnesota's institutions are presently at, or over capacity. In the current biennium, Stillwater, St. Cloud, and Shakopee in particular have been consistently accommodating populations in excess of capacity, and been forced to create dormitories and to use hall space for beds.

The department plans to house the population increase through expansion at Faribault, Lino Lakes, Stillwater and St. Cloud. In addition to costs of institutional space, increased populations require

additional health care, administrative and support services. The funding requested here deals with the F.Y. 1992-93 biennial bed needs only. Population projections indicate additional beds needed in the F.Y. 1994-95 biennium as shown below.

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Beds - funding requested	3,586	3,736	3,736	3,736
Beds needed	<u>3,584</u>	<u>3,750</u>	<u>3,899</u>	<u>4,009</u>
	2	(14)	(163)	(273)

Funding request by budget activity:

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
MCF-Faribault	\$5,693	\$5,210	\$5,210	\$5,210
MCF-Lino Lakes	-	4,999	3,898	3,898
MCF-Shakopee	738	738	738	738
MCF-Willow River/Moose Lake	364	337	337	337
MCF-Stillwater	2,537	2,289	2,289	2,289
MCF-St. Cloud	595	644	644	644
Health Care	536	1,191	1,191	1,191
Institution Support	221	402	402	402
MCF-Sauk Centre	<u>106</u>	<u>106</u>	<u>106</u>	<u>106</u>
Total	\$10,790	\$15,916	\$14,815	\$14,815

GOVERNOR'S RECOMMENDATION:

With opening of the unit at Moose Lake for adult, female offenders and the delay in expansion at MCF-Shakopee, the Governor recommends a revised funding level for Shakopee of \$1,476,000 for the biennium.

The Governor also recommends an increase of \$212,000 for the biennium for MCF-Sauk Centre. With the recent decline in juvenile females committed to the Commissioner of Corrections, it is difficult to provide adequate and equitable programming at Sauk Centre for a small number of juvenile females. This funding would allow for contracting for services with appropriate facilities.

CORR.03
March 26, 1991/mk

PROGRAM: Community Services
Agency: Corrections, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Community Services Program provides a broad range of correctional services in the community. Objectives of these services are to protect the public, to control criminal behavior of offenders, to assist offenders in the development of skills necessary to function in the community and to ensure compliance with standards governing operation of local correctional facilities. In order to achieve these objectives the program carries out the following functions:

1. Department of Corrections agents supervise individuals who have been placed on probation, supervised release and parole in the 57 counties not under the Community Corrections Act (CCA).
2. Community Services administers the Community Corrections Act. Thirty Minnesota counties representing over 65% of the state's population voluntarily participate in the Act and assume responsibility for the provision of community based correctional services.
3. Work release provides highly structured programs and supervision for offenders being released from state institutions.
4. The Anishinabe Longhouse residence provides supervision and services specifically tailored to meet the unique needs of the native American offender.
5. Community Services in conjunction with the Department of Natural Resources and counties operates Sentencing to Service programs for non-dangerous offenders who are sentenced to perform useful community service projects.
6. Community residential facilities provide structure and strict surveillance for offenders being released from institutions or who require stricter conditions of supervision.
7. Community corrections centers provide housing, education, supervision and treatment of juveniles adjudicated as delinquent.
8. Community Services through contractual arrangements provides outpatient services such as job placement, electronic monitoring, after-care treatment for sex offenders, day programming and drug testing and treatment programs.
9. Supervision to interstate transfer cases is provided through the Interstate Compact for the Supervision of Probationers and Parolees.
10. The county probation subsidy is administered which reimburses counties for some costs associated with probation services.
11. The inspection and enforcement unit licenses, monitors and assists local correctional facilities in Minnesota. Its function is designed to ensure that conditions of confinement in local facilities adequately protect the public and meet basic safety, health and constitutional standards.

PERFORMANCE:

On any given day in Minnesota, over 60,000 individuals receive correctional programming in the community. Essentially there is no community based correctional programming in Minnesota that the department does not either subsidize, assist, set standards for or provide directly. In order to carry out this mission, this program employs 166 staff.

Of those individuals serving their sentences in the community on supervised release or probation under the supervision of state agents, approximately 12% are charged with violations in any given

year.

In F.Y.1991 over \$2 million of service (valued at \$5 per hour) were provided by individuals under sentencing to service supervision. Another \$1 million was collected by Department of Corrections' probation and supervised release agents from individuals paying restitution, fines and performing community work service.

Through the CCA, which will enter its 20th year during the coming biennium, counties have developed and provide an outstanding array of community based correctional services.

While struggling to meet the demands of an ever growing population, Minnesota jails and other community based facilities compare favorably to those in any other state and continue to improve.

In the face of growing clientele, Minnesota has been able to contain correctional expenditures and manage the growth of institution beds by the judicious use of community based sanctions for non-violent offenders.

PROSPECTS:

Like the Institution Program, the Community Service Program has encountered a steady growth of clientele and workload. This has taxed the ability of the division to provide timely and quality services to its clients which include offenders, courts, county boards, sheriffs, probation and community corrections officials. It is expected that continued expanding client populations will be a major challenge throughout the biennium. The division must continue to develop intermediate sanctions which will be acceptable to the public as well as to the legislature for dealing with more offenders in a way which is economically feasible yet effective. Among these programs will be intensive supervision, day reporting centers, electronic surveillance, sentencing to service and other community work options, increased use of fines and house arrest. With the exception of Hennepin, Ramsey and St. Louis counties, jails provide services for pre-trial detainees and sentenced prisoners. In Hennepin, Ramsey and St. Louis counties, jails are under the jurisdiction of the Sheriff and hold only pre-trial detainees and are not under the Community Corrections Act administration. These counties operate separate facilities for sentenced prisoners.

A statewide system is necessary to eliminate the detention of juveniles in adult jails pending court dispositions. The system would address juvenile welfare and safety issues, bring the state into compliance with federal law, address possible litigation issues and free up jail space for more serious adult offenders.

PLAN:

Costs of the increased workload for Community Services due to growth in the offender population are shown below and include 17.5 positions the first year and 19.0 positions the second year.

	1992	1993
Probation and Supervised Release	\$ 606	\$ 686
Community Corrections Act	3,400	3,700
Facilities Planning & Inspection	121	105
Juvenile Detention	900	600
Community Services Support	186	287
Total	\$5,213	\$5,378

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CORRECTIONS,DPT OF
PROGRAM: COMMUNITY SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993 -		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
PROB & SUPVD REL	4,493	4,823	6,159	6,151	6,151	6,799	6,135	6,135	6,863
COMM CORR ACT	14,486	18,183	20,098	19,848	19,848	23,248	19,848	19,848	23,548
COMMUNITY PROJECTS	2,437	2,889	5,044	4,935	4,935	4,935	5,033	5,033	5,033
FACILITIES PLG & INSPECT	372	492	819	280	280	1,301	279	279	984
COMMUNITY SERV SUPPT	3,971	4,087	6,242	5,873	5,873	6,078	5,872	5,872	6,178
TOTAL EXPENDITURES BY ACTIVITY	25,759	30,474	38,362	37,087	37,087	42,361	37,167	37,167	42,606
DETAIL BY CATEGORY:									
STATE OPERATIONS	8,126	9,095	13,349	12,896	12,896	13,870	12,976	12,976	14,115
LOCAL ASSISTANCE	17,633	21,379	25,013	24,191	24,191	28,491	24,191	24,191	28,491
TOTAL EXPENDITURES BY CATEGORY	25,759	30,474	38,362	37,087	37,087	42,361	37,167	37,167	42,606
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	21,718	27,466	32,648	31,983	31,983	37,257	31,963	31,963	37,402
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	3,409	2,524	3,109	3,031	3,031	3,031	3,131	3,131	3,131
FEDERAL	325	279	2,385	1,853	1,853	1,853	1,853	1,853	1,853
AGENCY	307	205	220	220	220	220	220	220	220
TOTAL FINANCING	25,759	30,474	38,362	37,087	37,087	42,361	37,167	37,167	42,606

ACTIVITY: Program-wide Decision
PROGRAM: Community Services
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Corrections Population Increase

AGENCY PLAN:

Dollars in Thousands				
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Expenditures				
General Fund	\$ 974	\$ 1,139	\$ 1,139	\$ 1,139
Revenues				
General Fund	\$ 186	\$ 186	\$ 186	\$ 186

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 974	\$ 1,139	\$ 1,139	\$ 1,139
Revenues				
General Fund	\$ 186	\$ 186	\$ 186	\$ 186

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

- (1) This request would enable the Department of Corrections to conduct quality and timely investigative services for state district courts and to supervise persons on probation and supervised release at a level commensurate with public safety. For F.Y. 1992 the request reflects the addition of 5.0 Corrections Agents, 1.0 District Supervisor and 3.0 Clerk-Steno positions at a cost of \$462,000. In F.Y. 1993 an additional Agent and .5 Clerk-Steno positions are requested, for a total increase of \$542,000.
- (2) Pursuant to M.S. 260.311, Redwood, Douglas and Watonwan counties have requested probation services for their juvenile courts and the Department of Corrections, per statute, shall furnish 4.0 Agents and necessary expenses, totalling \$186,000 per year.
- (3) The Sentencing to Service (STS) program requests the addition of a Sentencing to Service Coordinator, to be located in Willmar, and 4 half-time Clerk Typists, to be located in Detroit Lakes, St. Cloud, New Ulm and Rochester. Reallocation of non salary funds of \$49,000 is requested to fund the positions.
- (4) The Facilities Licensing and Inspection Unit requests an additional Facility Inspector and 3.0 half-time Clerk Typists for a total of \$121,000 in F.Y. 1992 and \$105,000 in F.Y. 1993.

- (5) The continuing increase in costs of temporary short-term detention of adult offenders in local jails necessitates a request of \$20,000 per year.
- (6) The agency requests \$100,000 in F.Y. 1992 and \$201,000 in F.Y. 1993 to meet the need for additional residential services and surveillance and control services such as electronic monitoring and day programming.
- (7) Per M.S. 260.311, the state shall provide for up to 50% reimbursement of county probation officer(s) salary in non-CCA counties. This request asks for \$85,000 per year to reimburse the salaries of the agents requested for Redwood, Douglas and Watonwan counties.

RATIONALE:

- (1) Because of increasing workloads the Department of Corrections has not been able to supervise clientele at a level considered appropriate to ensure surveillance and public protection. With the additional staff positions requested, adequate supervision would be provided to 100 percent of the offenders at the prescribed level necessary to enhance desired protection for the public.

The case classification system affirms that offenders differ greatly in the degree of risk that they present, and in the amount of time an agent must devote to supervise them properly. Recognizing this, using validated scales for measuring risk and applying the results of several extensive time studies, various classifications of cases have been assigned specific point values and the workload an agent can effectively handle has been established. This analysis reflects the need for additional agent positions.

	Actual F.Y. 1989	Actual F.Y. 1990	Estimated F.Y. 1991	Estimated F.Y. 1992	Estimated F.Y. 1993
Number of agents	56	53	56	61	62

- (2) Per statute the Department of Corrections shall provide the requested probation services. There are no resources available within the department operating budget to fund this request. The General Fund will be reimbursed by the county for applicable expenses, thus resulting in no new direct cost to the state.
- (3) Many jails in the state are overcrowded. The cost of building new jails is high. Sentencing to Service offers an effective alternative to jails for a large percentage of non-dangerous offenders. As work crews are added the number of crewleaders is increased. This requires the addition of a coordinator and clerical support to maintain the effectiveness of the program. Reallocation of non salary funds will fund the request. Only complement is requested.
- (4) Increasing workloads are apparent when noting the increase in average daily populations in jail type facilities. Increased complexity of facilities, changing standards and on-going judicial decisions have resulted in increased time needed for facility inspection and related activity. Increased jail populations have generated increased requests for technical assistance to local units of government with respect to planning for alternatives to incarceration, expansion or new facility construction. A greater level of clerical support is consequently required.

Workload problems are further compounded when clerical support service staff are in the field providing technical assistance, at training activities or on annual leave. Current backup support

ACTIVITY: Community Corrections Act
PROGRAM: Community Services
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Community Corrections Act Increase

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund	\$ 3,400	\$ 3,700	\$ 3,700	\$ 3,700
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GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$ 3,400	\$ 3,700	\$ 3,700	\$ 3,700
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Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This request reflects the need for additional resources for counties to expand and introduce new correctional programs to deal with increased correctional demands.

RATIONALE:

Increasing the use of jails/workhouses as a condition of probation along with the response to DWI offenses has resulted in increasing the use of local correctional facilities. Thus local costs have gone up significantly. Increased funding is necessary to assist the CCA counties in meeting increasing demands for services.

GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial increase in the Community Corrections Act (CCA) block grant to counties of \$7,100,000. One of the basic principles of the CCA is to keep short-term, low-risk offenders at the local level. In the original act, participating counties were responsible for paying for all adult offenders committed to state facilities whose maximum sentences were five years or less. Although this was changed as a result of the 1980 creation of sentencing guidelines, the principle of reserving state prison space for longer-term serious offenders remains fundamental to the CCA. However, significant numbers of commitments to prison (689 for 1990) from CCA counties are for 12 months or less. Many (249 in 1990) are for 6 months or less. The Governor recommends that in F.Y. 1992 the CCA counties be assessed a per diem for offenders committed to state facilities who have 6 months or less to serve. During F.Y. 1993 CCA counties are to be assessed a per diem for offenders committed to state facilities who have 12 months or less to serve.

ACTIVITY: Program-wide Decision
(Continuation)
PROGRAM: Community Services
AGENCY: Corrections, Department of

1992-93 Biennial Budget

systems are inadequate to meet workload demands. Consequently, technical assistance and report activities are often delayed and left until support staff return further compounding problems.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Average daily population of offenders served by jail type facilities	3,796	4,250	4,675	5,100	5,500
County requests for extensive technical assistance	10	15	15	18	20

- (5) As the number of inmates in department institutions and the number of work release clients have increased, the need for temporary short-term detention of adult offenders and work release violators has also increased. Costs for this temporary detention have increased 45% per year for the last 3 years.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Cost for temporary detention	\$19,066	\$27,322	\$39,300	\$57,300	\$57,300

- (6) The department, through its office of Adult Release, mandates residential conditions for substantial numbers of releasees to ensure a high level of public safety. In order to assure bed space for these serious offenders, the department has shortened stays in residential facilities and in order to balance the releases appropriately, the department is endeavoring to develop more residential resources outside the metropolitan area. To supplement residential beds, the department will be continuing to engage in electronic monitoring and contracting for some day care services to assure high levels of surveillance. Since releasees with backgrounds of sex offenses are quite frequent, efforts are made to provide aftercare treatment resources for them in the community in an effort to prevent repeat sex offenses.

This request includes funds to provide additional beds outstate and to provide for electronic monitoring. Based on the numbers of releases, the proportions going to the non-metropolitan areas of the state and the proportions of those releasees who are mandated for extra supervision to protect public safety, the agency is requesting funding for 24 residential beds for average stays of 60 days and funding to provide electronic monitoring for up to 48 offenders for 60 days each. This funding will relieve the pressure on the Twin City metropolitan area facilities which have been receiving nearly all the more serious offenders mandated to residential care and electronic home monitoring. With increasing institution populations and, therefore, increasing number of releases, it is not feasible to place all of the more serious offenders in the Twin City area.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Number of residential contracts	8	8	8	9	10
Number of residents served	424	348	365	390	420

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. In addition, the Governor recommends the inclusion of the recently requested juvenile probation agent position in Douglas County to the previously recommended positions for Redwood and Watonwan counties.

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ACTIVITY: Facilities Planning and Inspection
PROGRAM: Community Services
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Juvenile Detention

the cost for such a system should be shared. Funds represented in this request constitute the state's share in this effort.

The proposed system provides counties with a choice of a continuum of programs to provide detention services ranging from secure detention to home detention with a number of intermediate options.

Humanitarian, legal, fiscal and programmatic considerations provide urgency to this request for legislative action on behalf of Minnesota's children and youth.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with this important initiative for children. These funds will allow the state to comply with the federal mandate to insure that juveniles are not incarcerated in adult jails. It will also provide funds to local governments to develop a comprehensive system of detention facilities, assuring that juveniles will be held in the least restrictive detention appropriate to the situation.

Dollars in Thousands
F.Y. 1992 F.Y. 1993 F.Y. 1994 F.Y. 1995

AGENCY PLAN:

Expenditures					
General Fund	\$ 900	\$ 600	\$ 600	\$ 600	
Revenues					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$ 900	\$ 600	\$ 600	\$ 600	
Revenues					
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-	

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

This funding will provide a statewide system which eliminates the need to detain juveniles in adult jails pending court disposition. The request reflects the addition of 3.5 positions and \$900,000 in F.Y. 1992 and \$600,000 in F.Y. 1993.

RATIONALE:

The Federal Juvenile Justice Delinquency Prevention Act of 1974 mandates that juveniles not be incarcerated in adult jails. Minnesota is currently not in compliance with this law. In addition, other significant issues are juveniles' welfare and safety as detainees in adult jails, litigation concerning the detention of juveniles in adult jails and the need to free up beds in jails for more serious adult offenders.

According to the State Juvenile Justice Advisory Committee, Minnesota will be denied access to \$780,000 per year of federal funding should the state not implement removal of juveniles from adult jails.

The detention of juveniles in Minnesota has traditionally been the function of county government. However, the development of this proposed system represents a mandate upon local government and

PROGRAM: Victim Services
Agency: Corrections, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

Victim Services provides and promotes programs towards reducing violence in society and in providing needed resources to victims of crime. Increasing awareness of the rights and needs of crime victims is a main goal of the unit. Victim Services administers state and federal program funds for victims of battering, sexual assault, child abuse and other crimes. Staff also provide technical assistance to service providers statewide and produce and distribute community education materials for public awareness programs related to victimization and violence. The unit also identifies and promotes public policy initiatives on behalf of crime victims and assures department compliance with victim rights mandates.

PERFORMANCE:

Grants of approximately \$6 million are awarded annually to over 125 victim services programs or projects statewide. In F.Y. 1990 over 3,000 child victims of crime/abuse were served; over 4,000 victims of crime such as robbery, assault, and drunk driving were served by crime victim centers and general crime victim programs; over 9,000 victims of sexual assault were served and almost 14,000 professionals were given training related to services to victims of sexual assault; and 4,900 women and 5,800 children were provided emergency shelter and 66,000 women and family members were given advocacy or information related to domestic abuse.

Materials were distributed regarding sexual exploitation by counselors and therapists, sexually transmitted communicable diseases, child sexual abuse, and victims rights. Community organizations were given training in the areas of racism, homophobia, sexual and physical assault of vulnerable adults, managing diversity, sex offender supervision, victims of child abuse, victim mediation, chemical dependency in crime victims, and the victim/offender continuum.

PROSPECTS:

Given the demand and the essential need for these services for victims, full funding for continuation of victim services is necessary.

GOVERNOR'S RECOMMENDATION:

The Governor recommends continued BASE funding for this program.

1992-1993 B I E I A L B U D G E T
(DOLLARS THOUSANDS)

AGENCY: CORRECTIONS,DPT OF
PROGRAM: VICTIM SERVICES

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
VICTIM SERVICES	4,825	5,719	6,444	6,331	6,331	6,331	6,330	6,330	6,330
TOTAL EXPENDITURES BY ACTIVITY	4,825	5,719	6,444	6,331	6,331	6,331	6,330	6,330	6,330
DETAIL BY CATEGORY:									
STATE OPERATIONS	422	411	512	473	473	473	472	472	472
LOCAL ASSISTANCE	4,403	5,308	5,932	5,858	5,858	5,858	5,858	5,858	5,858
TOTAL EXPENDITURES BY CATEGORY	4,825	5,719	6,444	6,331	6,331	6,331	6,330	6,330	6,330
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,805	4,611	4,911	4,862	4,862	4,862	4,861	4,861	4,861
STATUTORY APPROPRIATIONS:									
GENERAL	4								
SPECIAL REVENUE	1,001	127	172	172	172	172	172	172	172
FEDERAL	1,010	981	1,361	1,297	1,297	1,297	1,297	1,297	1,297
GIFTS AND DEPOSITS	5								
TOTAL FINANCING	4,825	5,719	6,444	6,331	6,331	6,331	6,330	6,330	6,330

PROGRAM PURPOSE:

The Management Services Program provides a broad range of management support services throughout the department. The primary objective of this program is to provide to the other program areas management direction that will contribute and enable all programs to accomplish the department's mission. The 7 functions within this program that are directed toward this objective include:

1. Administrative management which establishes major policy for the department and provides executive leadership to all employees. This activity includes the offices of adult and juvenile release which are responsible for approving release plans, conducting revocation hearings, issuance of warrants and orders for discharge for all adults and juveniles committed to the Commissioner. It includes hearing officer services for internal disciplinary hearings for adult inmates. Affirmative action direction and responsibility are in this activity.
2. Fiscal services directs the financial management of the department through the formulation of fiscal policy, procedure and budgets, financial reports, payroll, internal auditing, purchasing, payments, cost accounting, billings, deposits, contract and grant administration, etc., and supervises the fiscal services function within the department. Fiscal services provides consultation services to all program staff and monitors for consistency in the department's resources.
3. Office management provides support services within the department for central office and field services. Services include state vehicle use, mailroom, photocopying, word processing, equipment, inventory, office cleaning, and office space assignments.
4. Personnel services coordinates recruiting and selection of new employees and all personnel transactions with the Department of Employee Relations. Personnel monitors transactions to ensure equity and consistency with policies and procedures. It provides consultation and direction concerning grievance disputes, discipline matters, staffing patterns and labor relations.
5. The Training Unit staffs and operates a training academy at the regional training center at MCF-Sauk Centre for all new employees including correctional counselors and provides in-service training programs throughout the department for all employees. Due process, emergency procedures, AIDS and other diseases, gangs in the prison environment, drug or chemical dependency, as well as sex offender treatment training, are provided to help the department to carry out its mission.
6. Information and analysis provides automated data processing services, analytic support, and records management services to department staff and others. Automated data processing services include systems analysis, technical consultation, and systems planning. Analytic support is provided in the form of program evaluations, information needs, and statistical analysis. Records management is responsible for developing procedures for the maintenance and protection of department records.
7. Women offender planning includes issue identification, resource development, research, program development, program development assistance, and implementation of the woman offender state plan recommendations. It also provides staff support to the legislatively-created advisory task force on the women offender in corrections.

PERFORMANCE:

In F.Y. 1980, Management Services was staffed by 121 employees when the total department budget was \$66 million. In F.Y. 1991, Management Services is staffed by 80 employees with a total

department budget of \$177 million. This is a 168% increase in budget accompanied by a 34% decrease in staff. Management Services has had to become more streamlined and efficient in the performance of its pervasive tasks. New programs including Sentencing to Service, sex offender and drug initiatives have been added requiring additional services from this program without the addition of staff or other resources. To compound the problem, staff agencies such as the Department of Employee Relations and Finance have delegated additional duties to agencies.

With the increasing inmate population, the Office of Adult Release has seen a 27% increase in cases released from prison to supervision from 1,390 in 1986 to 1,767 in 1989. Reentry hearings have increased 21%, revocations have increased 87% and warrants issued have increased from 433 in 1986 to 852 in 1989 for a 97% increase.

Hearing Officers conduct inmate discipline hearings in all adult facilities under a due process procedure. The number of adult facilities has increased from 6 to 8 in recent years with no increase in staff and the number of hearing officer discipline reports filed has increased from 5,260 in 1988 to 6,900 in 1990, for a 31% increase.

Personnel Services in central office has had additional duties delegated from the Department of Employee Relations along with an increasing workload of additional new staff for Institution and Community Services Programs. Corrections has 12 of the 16 bargaining units authorized by Employee Relations and Personnel participates in labor relations negotiations.

Information and Analysis is in the process of converting all major agency information systems to a fourth generation computer language and replacing outdated hardware. This conversion will greatly improve access to and the utility of Corrections' automated information systems. The department has about 350 computer/terminals.

With the increasing inmate population, the number of inmate records increases also. Currently the parent facility maintains the automated records of Corrections clients on release status. The accuracy and efficiency of this function could be enhanced by maintaining these records centrally.

PROSPECTS:

The department operates 10 correctional facilities housing currently nearly 3,500 adults and juveniles. It regularly evaluates the existing uses of its facilities and the need for additional space as the inmate population grows. Probation, parole, and supervised release services are provided statewide through the Community Services Program.

According to population projections prepared in September, 1990, providing there are no changes in current law, the adult inmate population is expected to grow by nearly 1,000 by the year 2000 including expansion currently underway for the F.Y.1992-93 biennium. This increase will tend to further erode Management Services ability to provide effective departmental services unless additional resources are received.

Public attitude can also impact the prison populations. Should the "get tough on crime" theme prevail, new penalties and/or longer sentences may be included in new or revised legislation. New programs, such as those aiding domestic abuse victims, may be added increasing the need for support services.

PLAN:

Cost of the increased workload in the various activities are shown below and include 6.5 positions each year of the biennium.

PROGRAM: Management Services
(Continuation)
Agency: Corrections, Department of

1992-93 Biennial Budget

	<u>1992</u>	<u>1993</u>
Administrative Management - Adult Release and Hearing Officer	\$ 247	\$ 228
Personnel	56	52
Information and Analysis - Records	<u>28</u>	<u>28</u>
Total	\$331	\$308

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CORRECTIONS,DPT OF
PROGRAM: MANAGEMENT SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
ADMINISTRATIVE MGT	1,031	1,242	1,466	1,356	1,356	1,603	1,351	1,351	1,579
FISCAL SERVICES	483	520	671	676	676	676	674	674	674
OFFICE SERVICES	717	916	755	753	753	753	762	762	762
PERSONNEL	377	495	548	554	554	610	552	552	604
TRAINING	388	526	492	453	453	453	452	452	452
INFO & ANALYSIS	1,382	1,306	1,892	1,710	1,710	1,738	1,706	1,706	1,734
TOTAL EXPENDITURES BY ACTIVITY	4,378	5,005	5,824	5,502	5,502	5,833	5,497	5,497	5,805
DETAIL BY CATEGORY:									
STATE OPERATIONS	4,370	4,940	5,754	5,432	5,432	5,763	5,427	5,427	5,735
LOCAL ASSISTANCE	8	65	70	70	70	70	70	70	70
TOTAL EXPENDITURES BY CATEGORY	4,378	5,005	5,824	5,502	5,502	5,833	5,497	5,497	5,805
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,889	4,682	5,617	5,403	5,403	5,734	5,398	5,398	5,706
STATUTORY APPROPRIATIONS:									
GENERAL	19	85	5						
SPECIAL REVENUE	401	208	182	99	99	99	99	99	99
FEDERAL	65	25	15						
GIFTS AND DEPOSITS	4	5	5						
TOTAL FINANCING	4,378	5,005	5,824	5,502	5,502	5,833	5,497	5,497	5,805

ACTIVITY: Program-wide Decision
PROGRAM: Management Services
AGENCY: Corrections, Department of

1992-93 Biennial Budget

DECISION ITEM: Corrections Population Increase

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
AGENCY PLAN:				
Expenditures				
General Fund	\$ 331	\$ 308	\$ 308	\$ 308

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ 331	\$ 308	\$ 308	\$ 308

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

- (1) The agency requests 2.0 Hearings Officers and 1.5 clerical positions and corresponding funding of \$196,000 in F.Y. 1992 and \$177,000 in F.Y. 1993 to meet increased workloads in the Offices of Adult and Juvenile Release.
- (2) The agency request 1.0 Hearings Officer to conduct inmate discipline hearings in adult corrections facilities. Funding totals \$51,000 per fiscal year.
- (3) The agency requests 1.0 Personnel Representative, totalling \$56,000 in F.Y. 1992 and \$52,000 in F.Y. 1993, to provide adequate staffing and labor relations services to meet the expanding needs at the corrections facilities and the Community Services Division.
- (4) The agency requests 1.0 Clerk Typist 2, costing \$28,000 per fiscal year to centrally maintain the automated records of department clients on release status. Centralizing this function would enhance accuracy and efficiency in this area.

RATIONALE:

- (1) The Offices of Adult and Juvenile Release provide overall responsibility and direction for institution releases, including institution program review for juveniles, and the setting of conditions of parole/release for both juveniles and adults; the granting work release; the revocation of release/work release, including the issuance of warrants for the apprehension of inmates; and the program policy and procedure development, implementation, and monitoring. Increased institution populations and field caseloads have produced rapidly expanding

workloads. Population projections and the commencement of Intensive Community Supervision programming will increase future workloads.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Adult and Juvenile Release:					
Revocation hearings conducted	775	1,009	909	1,168	1,422
Progress/adjustment reviews	3,560	4,154	4,856	5,230	5,634

- (2) Hearings officers conduct inmate discipline hearings in all adult facilities in compliance with a 1973 U.S. District Court Order relative to the due process procedure. Presently, 2 hearings officers, stationed at MCF-Stillwater, travel to the facilities. Increasing populations at MCF-St. Cloud, MCF-Willow River/Moose Lake and MCF-Faribault have strained the ability to conduct timely, efficient hearings, with constant cancellations, rescheduling and/or overtime required. With increasing populations, 2 hearings officers cannot continue to cover the 8 hearings locations.
- (3) The expansion and creation of correctional facilities, and additional functions and staff in community services has increased the demand for personnel and labor relations services. The department has also received delegated authority from the Department of Employee Relations to classify positions, develop, conduct and score exams to screen and select candidates for positions. Additional staff is needed to carry out this authority. A department of the size and complexity of Corrections requires a full time labor relations director to ensure that labor/management relations are positive, and that the high level of grievance activity is managed consistently, and in the department's best interests.

	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Job audits, reclassifications	250	274	280	300	300
Labor/management meetings	35	43	50	55	60

- (4) Automated records of offenders on parole/supervised release/and work release are maintained by parent facilities. As releasee populations have increased, the number of record keeping problems have grown. A review of the various tasks involved in maintaining the records of releasees indicates that the process would be more timely, accurate and efficient if handled centrally.

The increases in Department of Corrections populations, particularly the increases in admissions and releases, has increased the workloads of facility records offices dramatically. The parent facilities, which admit new commitments, have been the hardest hit since they do the initial processing and create the initial records for all inmates. Transferring responsibilities for release records to a central location will deal with the problem in an efficient manner and somewhat relieve the workload problems in several facility records offices.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

Ombudsman for Corrections

Position and Employee Status Information

Position Reconciliation:

Authority:	Current F.Y. 1991	Requested For 6-30-93
Legislative Complement:		
General Fund	7.5	7.5
Gift	<u>-0-</u>	<u>-0-</u>
Total Permanent Positions	7.5	7.5
Employees on 6-30-90	<u>7.5</u>	<u> </u>

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	7
Part-Time Unlimited	<u>.5</u>
TOTAL	7.5

MISSION:

The Ombudsman for Corrections exists to promote the highest attainable standards of competence, efficiency, and justice in the administration of corrections. It is a separate, independent state agency, created by M.S. 241.41. The Ombudsman for Corrections goal is to provide for safe, secure and humane living conditions for inmates and staff in Minnesota's correctional settings. The agency's sole purpose is to conduct investigations of complaints lodged by inmates, staff, and other interested sources. Most complaints stem from inmates who are under the control of the Department of Corrections, although the Ombudsman also has responsibility to investigate complaints arising within the Minnesota Community Corrections Act (Ch. 401). Other activities related to the investigation of complaints include; making recommendations to the Minnesota Department of Corrections based on findings of investigations, submitting an annual report to the Governor, and providing information to the legislature as requested. The results of the agency's activities are safer prison environments, fewer costly law suits by inmates, and a rapid response system for complaint resolution which serves to relieve penal institutions of tension and lessen the likelihood for disturbances by inmates.

MAJOR POLICY DRIVERS:

Prison populations are rising in Minnesota. This is a major concern for corrections administrators. The costs associated with maintaining an enlarged prison system should be a concern for citizens of Minnesota as well.

There are many factors which contribute to the increase in prison populations. One, first time court commitments of felons to prison increased in the past 2 years. Second, there has been an increase in aggregate length of sentences. Third, public awareness, too is now more keen about crime and violence. Gang affiliation, satanic cults, the infusion of drugs into criminal acts, are resulting in more convictions for criminal sexual conduct and crimes of violence against persons.

As a result, more inmates than ever before are in Minnesota's penal institutions. Inmate population grew by 12.7% percent between July 1988 and July 1990 (from 2,822 to 3,182). The past year reflects one of the busiest years ever for the Ombudsman for Corrections. Although previous years showed more "total contacts received" (3,722 in F.Y. 1984 vs. 3,360 in F.Y. 1990). Last year the number of "closed cases", cases where actual work was done, was the highest ever at 3,319. In F.Y. 1984 only 2,901 were closed cases. This increase in workload for the agency was not anticipated. In its F.Y. 1990-91 budget submission the agency estimated for a 10% increase in "total contacts received" for those 2 years; however, 27% was the actual increase. The 2 new facilities, at Moose Lake and Faribault, only accounted for 2.2% of the total complaints.

The complexity created by additional inmates and new offender characteristics and the shrinking available prison space creates crowding in our prisons. This makes the potential for inmate unrest. The Ombudsman for Corrections concept was born out of similar conditions. The riots and violence in our prisons in the late 1960's and early 1970's can be traced to inmates' frustrations with a correctional system seeming not to care for their welfare or guaranteed rights to due process. History has taught us the extreme cost of prison unrest; both in terms of life and dollars. Where riots have occurred in the U.S., courts in those regions were clogged with lawsuits for years in the aftermath.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

To meet the increasing demands for its service and to maintain effectiveness the agency will need to make adjustments. Field Investigators will be required to spend more of their time at the correctional institutions and less time at the office. Results are a reduction in travel costs. A lesser priority to smaller, outstate Community Corrections Act counties' complaints, and an emphasis on penal institutions, will help the agency to keep focus on its mission. The agency will continue to meet salary requirements, including salary increases, which amount to \$23,000 the first year of the

biennium and \$46,000 the second, by operating within the current budget BASE level funding.

The agency will need to take drastic steps in absorbing the stress. Less travel, fewer long-distance calls, eliminating E-mail, reduced printing and postage, no training budget, no out-of-state travel, an elimination of new computer software, maintenance, and no equipment replacement are necessary steps. Part-time/Seasonal/Intern funds will be used, to cover additional salary costs. Eighty-five percent of the agency's budget is salaries. Obviously, the operations portion of the budget has its limitations in absorbing the impact.

Since the agency has but a single program, the investigation of complaints, it cannot reallocate among programs.

New legislation is required to collect fees for service, federal funds are not possible, and foundations look unfavorably on funding state operations. Therefore, it is unlikely the agency can secure any outside funding.

Even though there will be less financial resources, the agency will continue to achieve expected results of 95% cases resolved, 90% of them resolved within 15 days, and; 85% of all cases receiving same day response.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: OMBUDSMAN FOR CORR
PROGRAM: OMBUDSMAN-CORRECTION

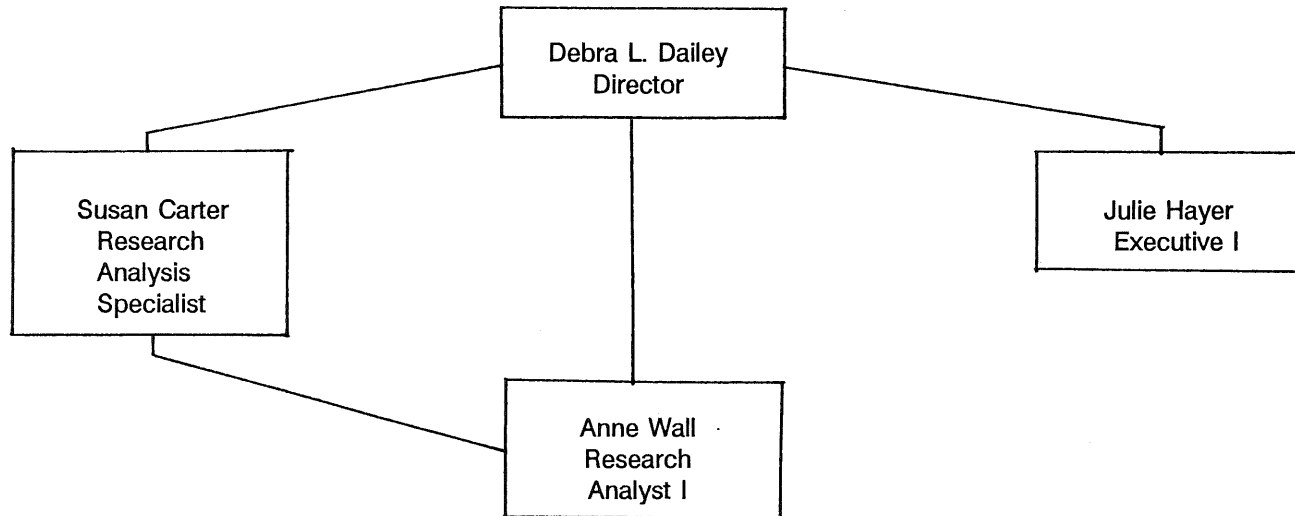
				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OMBUDSMAN CORRECTION	352	386	395	396	396	396	395	395	395
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	352	386	395	396	396	396	395	395	395
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	352	386	395	396	396	396	395	395	395
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	352	386	395	396	396	396	395	395	395
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	351	385	393	396	396	396	395	395	395
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	1	1	2						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	352	386	395	396	396	396	395	395	395

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: OMBUDSMAN FOR CORR

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	395	395	393	393	2	2		
NON_RECURRING EXPENDITURES	<3>	<2>	<3>	<2>				
SALARY ANNUALIZATION	5	4	5	4				
DEDICATED RECEIPTS AND FUNDS	<2>	<2>			<2>	<2>		
BASE TECHNICAL ADJUSTMENTS	1		1					
TOTAL	396	395	396	395				
BIENNIAL TOTAL		791		791				

**MINNESOTA SENTENCING GUIDELINES COMMISSION STAFF
ORGANIZATIONAL CHART**



Position Reconciliation

Authority:	Current <u>FY 91</u>	Requested <u>For 6/30/93 *</u>
Legislative Complement:		
General Fund	<u>4.0</u>	<u>4.0</u>
TOTAL POSITIONS	<u>4.0</u>	<u>4.0</u>
	—	—
Employees on 6/30/90	4.0	4.0

* See 1992-93 Biennial Budget narrative

MISSION:

The Legislature established the Sentencing Guidelines Commission for the purpose of developing and maintaining rational and consistent sentencing standards which reduce sentencing disparity, increase proportionality in sanctions, and ensure more equitable and uniform sentencing for convicted felons.

The commission consists of 11 members who represent the criminal justice system and the public. The commission meets approximately once each month to consider sentencing issues and problems. The criminal justice system is extremely dynamic and the commission must consider whether to make changes to the sentencing guidelines in order to continue to fulfill its mission. The commission presents recommendations to the Legislature each year for changes to the sentencing guidelines. The following are the specifically stated goals of the sentencing guidelines system:

- to promote **uniformity** in sentencing so that offenders who are convicted of similar types of crimes and have similar types of criminal records are similarly sentenced;
- to establish **proportionality** in sentencing by recommending the most severe sanctions for those offenders who are convicted of serious violent offenses even with no prior criminal record, those who have repeat violent criminal records, and those who have more extensive nonviolent criminal records;
- to provide **truth and certainty** in sentencing by having the judge pronounce a fixed sentence that can only be reduced by up to one third for good behavior as opposed to an indeterminate and symbolic sentence of zero to the statutory maximum sentence and a parole board that ultimately decides when to release an offender;
- to **coordinate sentencing practices with correctional resources** by informing the Legislature of the impact of the existing sentencing policy on correctional resources and the impact of any proposed changes to the sentencing system; and
- to promote **public safety** by recommending the harshest sanctions for violent offenders who pose the greatest danger to public safety and coordinating sentencing practices with correctional resources to assure that prison resources are available for these violent offenders.

MAJOR POLICY DRIVERS:

The commission staff maintains a unique monitoring system that provides a wealth of information to the commission, the Legislature, and other agencies who must make decisions regarding the criminal justice system. The commission's monitoring system is the most inexpensive criminal justice system in the state and is the only criminal justice information system that contains information relevant to the application of the sentencing guidelines. The monitoring system also contains court sentencing data that is merged from the State Judicial System. These merged data provide a rich information system for the evaluation of sentencing practices and the coordination of sentencing practices with correctional resources. For example, using the monitoring system, the commission can produce prison population projections and can estimate the impact of proposed changes to sentencing policy on prison population. In order for this information to be meaningful, it is critical that the monitoring system contain the most accurate and current data possible.

Keeping the monitoring system current and accurate for policy making purposes requires an extensive amount of staff effort. Over the last 3 to 4 years the volume of cases sentenced by the courts has increased by 33%. This has resulted in substantially greater demands on staff to process the data in a timely and accurate manner. In addition, because some data are merged from information systems controlled by other local and state entities, additional staff time must be spent to adapt the monitoring system to changes made in these other information systems.

An intensified interest in the area of criminal justice over the last several years has resulted in the need for more criminal justice information that is not available from the agency's existing monitoring system. Commission staff has had to conduct several special data collection efforts to obtain the necessary information for policy making purposes and impact analysis. Increased concern for the availability of local correctional resources and the need to develop innovative alternatives to incarcerative sanctions, e.g., day fines, requires that additional information be collected to facilitate these new policy developments.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

BASE level funding, particularly without the salary supplement, will erode the agency's ability to conduct its primary function, i.e., maintaining a monitoring system on sentencing practices. The valuable information provided to the legislature on the impact of proposed changes to sentencing policy on prison populations would become erroneous due to untimely and inaccurate data.

The agency has determined that it will be necessary to increase the agency's complement by 1 full time position. An additional staff member will allow the agency to provide information for policy making purposes in a more timely and accurate manner. Also, the agency will be able to better meet the demand for more criminal justice information. This would result in funding demands in excess of the agency's base funding by \$30,000 for F.Y. 1992 and F.Y. 1993.

As this is a small, single program agency, it will not be possible to reallocate funds within the base to meet the need for an additional full-time position. The agency needs the increased funding in order to maintain the monitoring system as required by state law. In addition, the salary supplement is essential for the agency given its small size and the general lack of any salary savings due to employee turnover.

Salaries account for 75% of the agency's total annual budget. Increases to salaries are the only known and measurable inflationary costs that need to be accounted for in the 1992-93 biennium budget. If the agency does not receive its salary supplement for the next biennium, the inflationary costs of \$7,000 in F.Y. 1992 and \$14,000 in F.Y. 1993 will deplete current funds used to support emergency part-time assistance. This part-time assistance is absolutely necessary for the agency. Without funds for at least part-time help, the agency cannot carry out its legislative mandate to monitor sentencing practices.

It is important that this agency as well as other criminal justice agencies focus on ways to improve our state's criminal justice information systems. This agency must reduce the extensive effort that is currently necessary to assure that the monitoring system contains accurate and timely information. Other criminal justice agencies must also seek ways to improve their information systems. It is critical that criminal justice agencies and professionals work together to make these needed improvements. A criminal justice data group consisting of the major agencies involved in criminal justice data systems has been meeting to explore ways to improve our state's criminal justice system. This group's efforts could result in more efficient, accurate, and timely criminal justice information systems.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SENTENCING GDLS COM
PROGRAM: MN SENTNCING GUIDELINE COM

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
MN SENTNCING GUIDELINE COM	209	269	276	241	241	241	240	240	240
TOTAL EXPENDITURES BY ACTIVITY	209	269	276	241	241	241	240	240	240
DETAIL BY CATEGORY:									
STATE OPERATIONS	209	269	276	241	241	241	240	240	240
TOTAL EXPENDITURES BY CATEGORY	209	269	276	241	241	241	240	240	240
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	209	249	276	241	241	241	240	240	240
STATUTORY APPROPRIATIONS:									
FEDERAL		20							
TOTAL FINANCING	209	269	276	241	241	241	240	240	240

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: SENTENCING GDLNS COM

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	276	276	276	276				
ONE-TIME APPROPRIATIONS	<38>	<38>	<38>	<38>				
SALARY ANNUALIZATION	3	2	3	2				
TOTAL	241	240	241	240				
BIENNIAL TOTAL		481		481				

PROGF STRUCTURE

AGENCY: JOBS AND TRAINING, DEPARTMENT OF

PROGRAM

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Services for the Blind

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Anti-Poverty Programs
Head Start
Food and Shelter
Energy Assistance
Weatherization

EMPLOYMENT AND TRAINING

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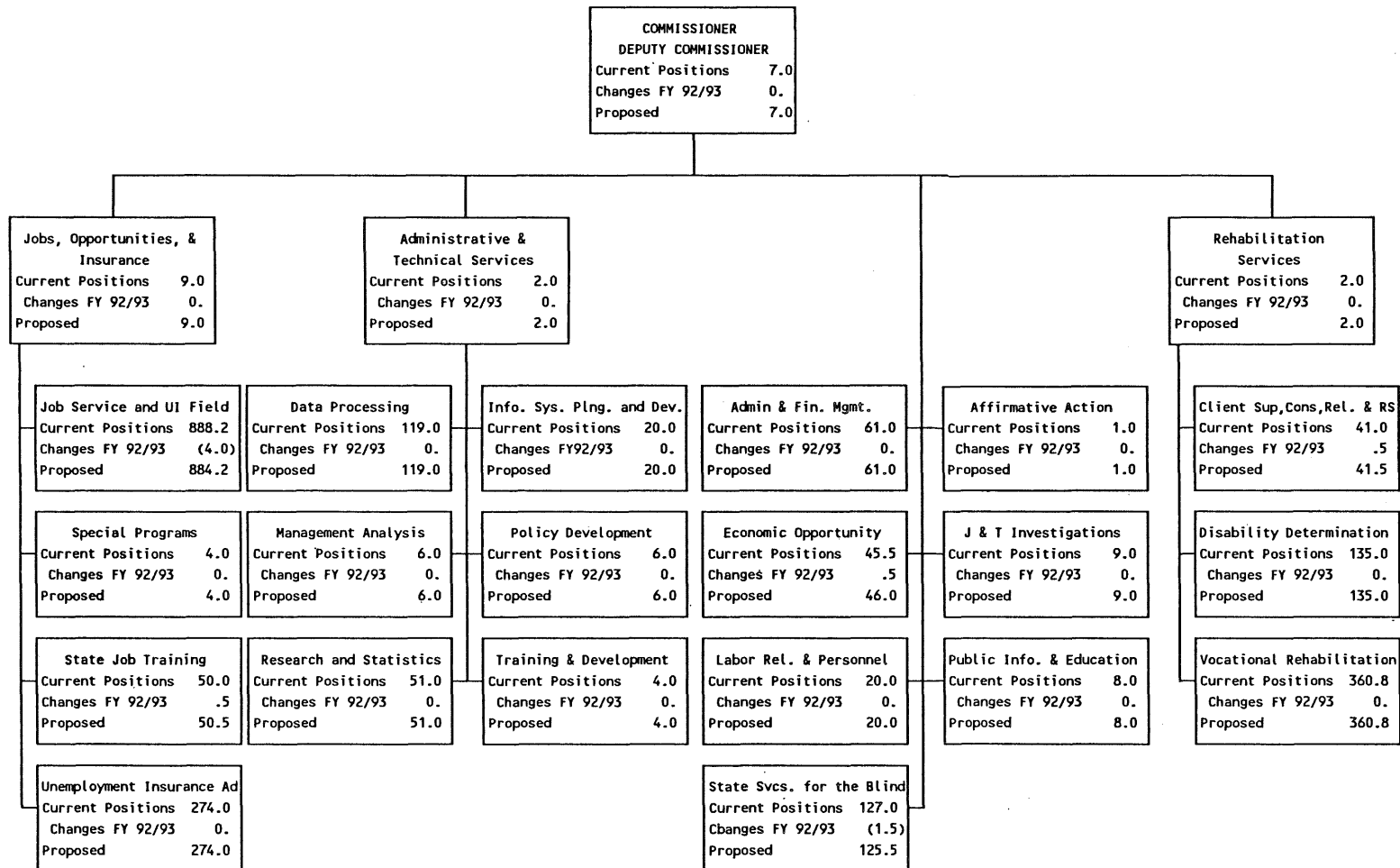
Job Training Partnership Act (JTPA) Programs
Youth Programs
Wage Subsidy
Employment Initiatives for AFDC Recipients
Dislocated Workers
Displaced Homemakers
Employment Programs
Intake, Referral and Inventory System (IRIS)
Bureau of Labor Statistics/Labor Market Information (BLS/LMI)

UNEMPLOYMENT INSURANCE

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Unemployment Insurance

DEPARTMENT OF JOBS AND TRAINING
ORGANIZATION CHART 7-1-90
(to be changed)



MN DEPARTMENT OF JOBS AND TRAINING

POSITION AND EMPLOYEE STATUS INFORMATION

Position Reconciliation:

Authority:		Current <u>FY 91</u>	Requested <u>For 6/30/93</u>
Legislative Complement:			
General	Direct	111.5	111.5
St Govt Spec Revenue		2.0	0.0
General	Statutory	5.0	5.0
St Govt Spec Revenue		4.0	2.0
Special Revenue		7.0	5.0
Jobs & Training Federal		2,121.0	2,123.0
Total Permanent Positions		2,250.5	2,246.5
Other Complement (FTE)		345.5	345.5
Total Positions		2,596.0	2,592.0
Employees on 6/30/90		1,981	

Employees by Employment Status:

	<u>6/30/90</u>
Full-Time Unlimited	1,805
Full-Time Temporary	44
Full-Time Emergency	3
Full-Time Seasonal	21
Part-Time Unlimited	89
Part-Time Temporary	4
Part-Time Seasonal	6
Intermittent Unlimited	8
Intermittent Temporary	<u>1</u>
TOTAL	1,981

MISSION:

The mission of the Minnesota Department of Jobs and Training is to bring people and jobs together in Minnesota by helping employers meet labor force needs, and to eliminate financial, physical and social barriers faced by the unemployed and underemployed in their quest for productive employment, economic self-sufficiency and personal independence.

Strategic Goals:

1. Ensure equity of access to and treatment in programs for people regardless of their race, gender, religious beliefs, national origin, disability or geographic location.
2. Improve staff morale and program performance by providing an organizational structure, administrative system, and environment which promote professional excellence, productivity and job satisfaction.
3. Enable people to increase significantly their vocational and personal independence, with special attention to people with severe disabilities.
4. Increase employer and public use of employment services.
5. Ensure that the employment system is coordinated and cost effective while meeting employer and worker needs in a changing economy and labor market.
6. Maximize state-level leadership and coordination activities which support the locally based employment and training system.
7. Reduce unemployment insurance claims and public assistance payments by reducing unemployment and underemployment.
8. Collect, analyze, distribute and apply labor market and occupational information which supports service delivery planning and analysis.
9. Identify and address barriers which prevent people from gaining economic independence and self-sufficiency.

The Department strives to meet these goals through five program areas which reflect the basic purposes of the agency: Rehabilitation Services, Services for the Blind, Economic Opportunity, Employment and Training, and Unemployment Insurance. Each program area works with other state agencies to accomplish policy objectives. Among the agencies which the Department works closely with are Human Services, Labor and Industry, Education, Vocational Education, Health, and Housing and Finance Agency. The scope of involvement ranges from joint policy and coordinating committees to cooperation at the individual case management level.

The program structure reflects an organization established to deliver a broad range of employment services to individuals with similar barriers to employment. Programs are the core deliverers of the components of the agency's mission, each with a unique program delivery structure addressing the needs of common clientele.

MAJOR POLICY DRIVERS:

Groups are targeted for service by the federal government, and programs are designed at this level to meet the goals of federal policy. The funding of 85 percent of the Department of Jobs and Training is federal. The state funding supplements the federal to meet the needs of more specifically

identified clientele through an existing service delivery structure. Of the general funded programs, 30 percent are required to meet federal matching requirements or to maintain a level of effort consistent with federal statutes or rules. As a recipient of grants, the Department of Jobs and Training must administer programs in a manner consistent with the policies and meet the goals and performance measures established by the funding agency.

National policy is driven by economic conditions, labor market information and analysis, and the needs of those with physical and social barriers to employment or self-sufficiency. Resources allocated to meet the needs are tempered by budgetary realities. Decreasing federal funding coupled with increasing costs is now the rule for many programs. To meet the increasing demand for scarce resources, advisory groups provide guidance as to internal priorities. Among the advisory groups are: the Governor's Job Training Council, the Rehabilitation Services Consumer Advisory Council, the Hearing Impaired Advisory Council and the Minnesota Council for the Blind.

In addition to reacting to national requirements, the Department of Jobs and Training must balance geographic needs with the limited resources. Priorities have been established which emphasize maintaining current service levels, integration of department services with those of other service providers and optimum usage of available funds. The activation of a system of client service priorities within the limits of individual programs may supply answers to questions about the direction of budgetary belt tightening.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The Department of Jobs and Training programs are funded by numerous federal and state sources. Although the objectives of the program are varied, a common issue which has surfaced is that of the demand for services exceeding current resources.

Rehabilitation Services: Income has not kept pace with the increased cost of serving clients. Alternatives considered include focusing on serving only the most needy clients, shifting staff and resources geographically, staff cutbacks and office closings, and cutbacks in grants.

Services for the Blind: The exhaustion of Social Security Reserves and the inflationary impact will result in approximately a one million dollar shortfall for the biennium. A combination of staff and service cutbacks are among the alternatives to consider. Cost containment and increased productivity strategies will only minimally impact the shortfall.

Economic Opportunity: Current resources devoted to alleviate poverty remain insufficient. The impact of inflation will be noticed by the ability of agencies to respond to needs of the homeless and low income in their communities.

Employment and Training: Funding at the same level will continue to limit the service to the public which is provided under this program. JTPA, Youth, Displaced Homemakers and other activities serve only a fraction of the eligible population. With poverty and the cost of providing service to clients on the rise, it will be difficult to maintain adequate service levels.

Unemployment Insurance: Economic uncertainties and the federal budget process may create an increased workload which exceeds administrative financing. Staffing adjustments must be made in offices according to the workload.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING

PROGRAM RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
REHABILITATION SERVICES	51,260	52,536	54,829	55,368	55,006	55,006	56,494	56,132	56,132
SERVICES FOR BLIND	9,385	10,292	10,053	10,460	10,460	10,460	10,648	10,648	10,648
ECONOMIC OPPORTUNITY	83,391	79,619	81,795	81,529	81,529	82,529	83,372	83,372	84,372
EMPLOYMENT & TRAINING	77,437	75,765	69,909	79,734	69,176	69,176	78,920	78,403	78,403
UNEMPLOYMENT INSURANCE	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
TOTAL EXPENDITURES BY PROGRAM	261,122	253,787	252,849	261,154	250,234	251,234	264,647	263,768	264,768
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	36,921	41,128	34,038	35,024	34,104	35,104	34,261	33,382	34,382
STATE GOVT SPEC REV		778	81						
SPECIAL REVENUE	7,465								
GIFTS AND DEPOSITS	94	83	154	114	114	114	114	114	114
STATUTORY APPROPRIATIONS:									
GENERAL	1,319	2,043	1,835	1,542	1,542	1,542	1,541	1,541	1,541
STATE GOVT SPEC REV			4,500	2,650	2,650	2,650	1,200	1,200	1,200
SPECIAL REVENUE	2,840	2,009	4,588	15,591	5,591	5,591	16,111	16,111	16,111
JOBS & TRAINING	212,483	207,746	207,653	206,233	206,233	206,233	211,420	211,420	211,420
TOTAL FINANCING	261,122	253,787	252,849	261,154	250,234	251,234	264,647	263,768	264,768

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: JOBS & TRAINING

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93	F.Y. 92	F.Y. 93
F.Y. 91 FUNDING LEVEL	252,849	252,849	35,873	35,873	9,323	9,323	207,653	207,653
ONE-TIME APPROPRIATIONS	<75>	<75>	<75>	<75>				
BIENNIAL APPROPRIATIONS	1,217	467	1,217	467				
APPROPRIATIONS CARRIED FWD	<529>	<529>	<529>	<529>				
SUNSET PROGRAMS	<70>	<70>			<70>	<70>		
SALARY ANNUALIZATION	80	62	80	62				
DOCUMENTED RENT/LEASE INCR.		4		4				
DEDICATED RECEIPTS AND FUNDS	9,102	8,172			9,102	8,172		
FEDERAL RECEIPTS	<1,420>	3,767					<1,420>	3,767
TOTAL	261,154	264,647	36,566	35,802	18,355	17,425	206,233	211,420
BIENNIAL TOTAL		525,801		72,368		35,780		417,653

F.Y. 1991 Budget Reductions (Information Only)

The following F.Y. 1991 reductions were implemented in Laws 1991, Chapter 2. These reductions are not reflected as changes to F.Y. 1991 or F.Y. 1992-93 BASE Levels within the budget documents.

	(Dollars in Thousands)	
	<u>General Fund</u>	<u>Special Fund</u>
Jobs and Training	\$ (230)	
Dislocated Worker Special Fund		\$ (1,700)

ACTIVITY: Jobs and Training, Department of
PROGRAM:
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Financing Inflationary Cost - Informational

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund - Inflation	\$ 216	\$ 442	\$ -0-	\$ -0-
- Reallocations	<u>198</u>	<u>328</u>		
	\$ 18	\$ 114		

Revenues

General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
--------------	--------	--------	--------	--------

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

Following the biennial budget instructions salary projections assumed a 4.5% across the board increase for all employees. In F.Y. 1992, 99.6% of projected salary costs are funded, while in F.Y. 1993, 97.8% of projected salary costs are funded. In previous years the department has managed its salary costs by funding 97% given vacancies and turnover.

RATIONALE:

The department is funding the increase in its salary costs by moving resources from nonpersonal services to personal services; charging a greater portion of the costs of a shared federal and state program to federal funding; and reducing services to and charging less agency overhead costs to 2 programs. These reallocations have no impact outside of the agency. However, 2 actions have legislative implications:

1. The department has submitted a decision item for State Services for the Blind (SSB) which proposes to reallocate funds from grants and aid to individuals to personal and nonpersonal services. Assuming that the rider which allows SSB to move funds to grants and aids continues in the 1992-1993 biennium, then SSB will be able to make reductions in state operations based upon the advice it receives from the Minnesota Council for the Blind.
2. The department has submitted a decision item for the Workers' Compensation Program which proposes to reduce program expenditures and staff.

These 2 items are described in greater detail on decision item pages which follow.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM: Rehabilitation Services
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The array of programs and services in the Division of Rehabilitation Services (RS) is designed for people with disabilities to further their integration in society, with special emphasis on serving those with the most substantial barriers to employment. These services enable:

- people with vocationally handicapping disabilities to prepare for and to secure suitable employment;
- people with severe disabilities to enhance their ability to live independently and function in their family and community;
- the agency to lead in developing and implementing innovative ways to provide service that keep pace with advances in medical treatment;
- work-injured employees to increase their ability to return to a suitable job;
- people who need work support services to be employed in the most enabling environment, including the opportunity to be employed in an integrated community setting;
- the agency to determine if Minnesotans who are claiming disability under Social Security Disability Insurance and Supplemental Security Income programs qualify for those benefits.

PERFORMANCE:

Financial Independence and Productivity: The Louis Harris Organization study conducted in 1987 found that 66 percent of the people with disabilities are unemployed. In Minnesota, there are 524,000 people with disabilities of working age whom approximately 351,000 are unemployed. Of the 81,000 Minnesotans with severe disabilities between the ages 16-64, only 26 percent are employed. Many of these individuals could contribute significantly to society; therefore, it is imperative that people with disabilities have opportunities for choice, self-determination and self-direction.

- 3,194 people attained employment in F.Y. 1990 with the help of vocational rehabilitation. Of these individuals, 357 needed specialized and supported employment services. During the last biennium, the percentage of individuals with severe disabilities increased from 64.2 to 70.2. These individuals require more time and resources for a successful vocational outcome.
- Workers' compensation rehabilitation activity is mandated by state law to provide vocational rehabilitation consultation to all injured workers statewide when insurers or employers deny liability for the injury. These injured workers have no other alternative for rehabilitation in the workers' compensation system. Eighteen Qualified Rehabilitation Consultants (less than five percent of the total number of QRCs statewide) in eight locations serve 1,292 injured workers, helping them with a variety of complex legal, medical, and vocational problems.
- Extended Employment supported 7,948 workers in F.Y. 1990 who require support to remain employed at competitive or sub-minimum wages. Thirty-eight percent were employed primarily in integrated community settings. Over the last two years, the number of persons served with serious mental illness has increased 20 percent. During the last year, the number of persons served with traumatic brain injury (TBI) has grown by 36 percent.

Community Integration: In 1989, the Minnesota Council on Disability reported that individuals with disabilities are not yet fully included in their communities. This is especially true for the 81,000

Minnesotans of working age who have severe disabilities. The Rehabilitation Act mandates Rehabilitation Services to give priority to individuals with the most severe barriers to employment and community participation. RS continues to provide leadership to ensure that all citizens have the right, the access and the opportunity to live, work, and participate in their community. We responded by expanding services in three major areas: independent living, rehabilitation technology and supported employment.

- The Independent Living services helped over 3,000 individuals to attain or maintain a more independent lifestyle in 1990. A seventh Center for Independent Living was established in Mankato to serve South Central Minnesota. People in 56 counties now have access to center services. Center services include intake counseling, information and referral, and assistance with housing, transportation, and attendant care, advocacy with respect to legal and economic rights and benefits, peer counseling, independent living skills training, group services, and accessibility services to businesses, individuals and building contractors.

Three Centers for Independent Living established transition services for school age youth to enable them to move from school to jobs and live independently in the community. Three additional centers will establish new transition programs in F.Y. 1991. RS counselors, 3 FTE's, provided, coordinated, and/or purchased independent living services for 260 individuals in F.Y. 1991. Independent Living services include: skills training, peer counseling, transportation and housing assistance, physical restoration, and the purchase of appliances, devices, medical equipment, and recreation activities.

- People who have severe disabilities can improve their daily living skills and employability through rehabilitation technology. To improve staff understanding and awareness of rehabilitation technology possibilities, twenty-five training programs have been implemented throughout the biennium. A professional staff person knowledgeable about rehabilitation technology has been hired to provide training and technical assistance to Independent Living, Vocational Rehabilitation and Workers' Compensation staff.
- As lead agency of a federal supported employment grant, the Department has been successful in developing options for people with severe disabilities who need ongoing support to be employed. This grant's five-year mission was to increase the diversity, quantity and quality of paid, integrated work opportunities for persons with severe disabilities, and to improve their quality of life as measured by integration and productivity. Significant system and policy changes were accomplished jointly with the Departments of Human Services and Education in the areas of: consumer and parent participation, local service delivery, case management, work availability and employer incentives, and training and technical assistance. VR and EE jointly provide services to increase the number of persons in supported employment. In F.Y. 1991, EE is supporting over 3,200 persons who spend the majority of their time in community supported employment settings. This is a 57-percent increase over the last biennium.

Interagency Coordination: Consumers have taken an increased role in how we develop our services and programs through their involvement on the Supported Employment Advisory Committee, Consumer Advisory Council, Independent Living Council, Extended Employment Advisory Committee, focus groups, and local consumer forums. On behalf of consumers, our staff take a lead role with other agencies to maximize all available resources. We work cooperatively with other units of local, state and federal government and service providers because clients with more complex needs often receive services from a variety of providers.

Coordinating services with counties and school districts has been a major initiative in rehabilitation activities. There are 28 staff who serve on county Mental Health Advisory Councils. VR staff also participate on all 70 local Community Transition Interagency Committees. A state cooperative agreement with the Department of Human Services and the Department of Education and local agreements with most counties have been developed to implement and fund supported employment services.

Disability Determination Services works cooperatively with the federal Social Security Administration

to assess eligibility for Social Security Disability and Supplemental Security Income benefits and refer applicants who may benefit from rehabilitation services. The activity had a 99 percent accuracy rate on decisions made and referred 1,737 applicants to VR in 1990.

Employer Education: The Council on Disability found, through public hearings in 1989, that employer awareness about disabilities was viewed as a major need. Employers are essential partners if people with disabilities are to become employed. To improve our working relationships, six Business Advisory Councils have been established in rural Minnesota through a federal Projects With Industry grant. We initiated a statewide employer marketing effort called MarketAbility (a STEP project) for education and awareness activities with local employers to improve placement opportunities for people with disabilities.

	Actual 1989	Actual 1990	Estimated 1991	Request 1992	Request 1993
# of disabled people employed through VR	3,455	3,194	3,150	3,100	2,900
% people with severe disabilities served in VR	67	70	73	78	82
# of people with disabilities served in IL	2,144	3,325	3,900	3,800	3,700
# of injured workers served in WC	1,114	1,292	1,387	1,266	1,142
% of all EE workers primarily in supported employment	31	38	45	44	42

PROSPECTS:

As part of an ongoing needs assessment process, numerous public meetings were held to identify priority needs of agency constituents and to receive suggestions for program improvements. The needs assessment findings stress consumer empowerment, choice, and program options; service coordination with other agencies; targeted services to severely disabled and under-served populations; reduced caseload size; increased rehabilitation technology, independent living, supported employment and placement services; employer education to implement the Americans with Disabilities Act; and increased funding to Extended Employment providers comparable to Developmental Achievement Centers.

- **Vocational Rehabilitation:** The federal Rehabilitation Act mandates that priority be given to serving persons with the most severe disabilities. This has increased the demand for specialized rehabilitation services. We have shifted staff and resources in an attempt to meet those demands.

The average caseload of 138 is too large for timely and appropriate service delivery. People with severe disabilities have more complex needs and, therefore, require more intensive services. As a result, people wait significantly longer for these services.

These complex needs require us to build the capacity of community service providers through training and technical assistance. This is particularly true in developing specialized services for persons with serious mental illness, deafness, traumatic brain injury, and persons with additional cultural and language barriers to employment such as Southeast Asians and American Indians.

Passage of the Americans with Disabilities Act will result in more employers seeking assistance from us to comply with the employment provisions, particularly regarding hiring and reasonable accommodation.

VR has not received an increase in state funding since 1983. Federal regulations for maintenance of effort may require additional state funding beginning in 1992 and beyond.

Alternatives Considered

1. Limit the number of people served by delaying entrance for VR services, discontinuing funding plans for persons other than those with the most severe vocational handicaps, and shifting staff and resources geographically. This would impact approximately 6,000 individuals who are served annually but do not meet the federal definition of severe disability.

2. Cut back services and lay off staff.

- **Independent Living:** Currently Independent Living services are not available statewide, and cannot serve individuals with the full range of disabilities on an equitable and consistent basis. The demand for services is growing because technology advances enable more persons with disabilities to access community services. Also, the aging of Minnesota's population will enlarge the number of persons who need services. The passage of the Americans with Disabilities Act will create a demand on Centers to assist communities with respect to the transportation and public accommodations sections of the law. The current funding level in this activity is inadequate to meet these needs.

Alternatives Considered

1. Because of the limited number of Centers, staff and resources, only a fraction of individuals who need and can benefit from services will be able to get them. Persons who could stay in their homes with independent living services are more likely to be institutionalized or placed in nursing homes. This will shift higher costs to other levels of government, particularly counties.

- **Client Services Innovation:** Because dollars are limited, we have sought funds to serve persons with complex and challenging disabilities and to maximize community integration. We have obtained short-term federal grants for innovative projects not possible under federal regulations. During the last year, the agency has applied for but not received several federal grants to improve rehabilitation technology services and services to Native Americans. Social Security Administration funds have been used to support the development of innovative community service strategies for people with severe disabilities. However, the continuation of those funds is not guaranteed.

Federal grant priorities do not always meet the expressed needs in Minnesota. We have not had the opportunity to apply for federal grants to improve services to key priority populations such as those with serious mental illness and deafness.

- **Workers' Compensation:** Changes in rules and regulations allowing medical causation and undetermined cases, along with full responsibility for all of the state's primary liability denial cases have added a tremendous burden to the program. These referrals are involved in extensive litigation requiring detailed documentation and much more counselor time. We have conserved staff salaries and non-personal services to obtain adequate case service funds for clients where liability has been denied. The needs of the program require full staffing. Inflationary costs for vendors, medical services, transportation and other purchased items have decreased purchasing

power, adding still another burden to the capacity of a Qualified Rehabilitation Consultant to provide comprehensive and timely rehabilitation services. The end result of these problems is that fewer and fewer of Minnesota's injured workers return to work.

Alternatives Considered

1. Without authority to retain income recovered from insurers/employers, staff would need to be reduced and some offices closed to absorb the increasing costs. Injured workers whose liability is in dispute will not receive timely rehabilitation services resulting in complicating factors such as loss of property, chemical dependency, divorce, and an increased need from other public assistance agencies.
- **Extended Employment:** Consumers who need ongoing support services to maintain employment are demanding more integrated employment opportunities in the community. Current resources do not meet the demand. The funding method needs to be redesigned so that the money follows the individual and covers the full cost of services.

The 1988 report of the Legislative Task Force on Supported Employment indicates that at least 10,000 additional individuals with severe disabilities in Minnesota require ongoing support to participate in community employment. Without support, they will not be available to help meet the anticipated labor shortage expected in the 1990's.

Consistent with our mission, we will provide more employment options for individuals with severe disabilities in the community at work sites which offer the best level of integration. About 65 percent of the costs of the facility-based programs are offset by production income. Offsetting production income is significantly lower for supported employment.

RS is working with local counties and the Department of Human Services to coordinate funding and services. Increasingly the costs for ongoing support services to maintain employment are funded by counties. The variability of county resources has resulted in inequitable access to services for some groups. Persons with serious mental illness and traumatic brain injury do not typically receive adequate county funding for employment services.

M.S. 16A.11 states that the commissioner of finance may include as a budget change request, in F.Y. 1992-93 detailed expenditure budget submitted to the legislature, an annual adjustment in the EE program grants as of each year, beginning July 1, 1991, by a percentage equal to the percentage increase in the consumer price index. This would be about \$487,000 per year.

Alternatives Considered

1. Individuals who want to work, but need ongoing support services to maintain employment in the community, will be excluded from the labor market.
2. Access to supported employment opportunities will continue to be based on the relative wealth of one's county of residence and on whether one's disability is covered by mandated services.
3. Priority for existing funds will be given to non-county-mandated populations such as persons with traumatic brain injury or to populations underfunded for employability services such as persons with serious mental illness.
4. Without additional funding for increases in the consumer price index, inflationary increases to EE grants could only be met by increasing the FTE value with current funds, thereby decreasing the number of individuals served.

- **Disability Determination Services:** With the completion of a three-year automation project and ongoing work with local SSA offices, DDS will continue to serve the applicants of Minnesota efficiently, despite increased workloads resulting from SSI outreach efforts and mandated groups.

PLAN:

Rehabilitation Services will need to redirect its resources in the next biennium. The program's income has not kept pace with the increased cost of serving persons with the more complex barriers to employment and independent living. There has been no increase in state funding for VR since 1983. Extended Employment and Independent Living activities have grown significantly since 1986. The program will focus on providing services only to those most in need, as defined by the program's mission and federal mandates.

This redirection of resources, and inflation, will have the following impact:

- **Vocational Rehabilitation:** VR will continue to shift staff and resources geographically to meet the needs of persons with the most severe disabilities. A more drastic movement toward serving only persons with severe disabilities will need to be taken if federal funds are decreased due to maintenance of effort.
- **Independent Living:** IL Centers will not be able to meet the identified needs of people with disabilities. They will be forced to eliminate staff, reduce programs, services and the number of people served.
- **Client Services Innovation:** Innovative projects to improve our service delivery system are funded through short-term federal grants. Federal grant priorities are not predictable from year to year, but the program will continue to apply for grant funds to improve services in key priority areas.
- **Workers' Compensation:** The activity will no longer be able to provide services statewide by the second year of the biennium. One office will be closed in F.Y. 1993, reducing the staff by two with a corresponding reduction in case service dollars for clients. Funds for purchasing services for clients where employers have denied liability will continue to be inadequate.
- **Extended Employment:** Grants to rehabilitation facilities will be reduced to absorb the cost of salary increases. The effect of rehabilitation facilities absorbing inflation costs will result in approximately 350 people with severe disabilities not receiving ongoing employment support.
- **DDS:** Federal funding is expected to adequately cover changing workloads and inflationary costs of this activity.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. Furthermore, the department should develop a plan for its rehabilitation services program which continues to support the delivery of services to citizens with disabilities through a single point of entry at the community level, allows greater consumer control, and ensures greater coordination of services among the public and private agencies currently involved in providing services.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: REHABILITATION SERVICES

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
VOC REHAB SVC	27,861	29,267	30,909	31,255	31,255	31,255	32,101	32,101	32,101
INDEPEND LIVING SVCS-VR	1,026	1,146	1,431	1,381	1,381	1,381	1,381	1,381	1,381
CLIENT SVC INNOVATION/DEMO	1,338	963	919	706	706	706	718	718	718
REHAB SVCS-WORKERS COMP	1,669	1,750	1,851	1,854	1,542	1,542	1,854	1,542	1,542
EXTENDED EMPLOYMENT	9,629	9,989	10,007	10,010	9,960	9,960	10,010	9,960	9,960
DISABILITY DETERMINATION SV	9,737	9,421	9,712	10,162	10,162	10,162	10,430	10,430	10,430
TOTAL EXPENDITURES BY ACTIVITY	51,260	52,536	54,829	55,368	55,006	55,006	56,494	56,132	56,132
DETAIL BY CATEGORY:									
STATE OPERATIONS	26,685	26,990	29,013	30,028	29,866	29,866	31,229	31,067	31,067
LOCAL ASSISTANCE	11,629	11,844	11,892	11,579	11,379	11,379	11,594	11,394	11,394
AID TO INDIVIDUALS	12,946	13,702	13,924	13,761	13,761	13,761	13,671	13,671	13,671
TOTAL EXPENDITURES BY CATEGORY	51,260	52,536	54,829	55,368	55,006	55,006	56,494	56,132	56,132
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	17,782	18,376	18,666	18,599	18,237	18,237	18,599	18,237	18,237
GIFTS AND DEPOSITS	87	41	60	60	60	60	60	60	60
STATUTORY APPROPRIATIONS:									
JOBS & TRAINING	33,391	34,119	36,103	36,709	36,709	36,709	37,835	37,835	37,835
TOTAL FINANCING	51,260	52,536	54,829	55,368	55,006	55,006	56,494	56,132	56,132

ACTIVITY: Workers' Compensation Rehabilitation Unit
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan except that the department should reconsider the type of staff reductions to ensure that the impact on injured workers is held to a minimum.

DECISION ITEM: Workers' Compensation Reduction (Adjustment)

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY REQUEST:

Expenditures					
General Fund	\$	(112)	\$	(112)	\$ (112)
Revenues					
General Fund	\$	192.7	\$	242.0	\$ 242.0

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$	(112)	\$	(112)	\$ (112)
Revenues					
General Fund	\$	192.7	\$	242.0	\$ 242.0

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The program readjusts its original budget reduction by having all fund reductions coming from State operations non-personal services. No Qualified Rehabilitation Consultants (QRCs) will be laid off in either year of the biennium. Possibly, one non-income generating clerical staff would be laid off if non-personal services do not cover the reduction.

As a result of full staffing of our income-producing QRCs, the same level of injured workers will still be served. The billings generated by this program will also be increased because of rate increase from \$50 to \$65 per hour which will result in greater revenue generation for the general fund.

RATIONALE:

The reduction was made to comply with recommendations to adjust our administrative and personnel reduction decisions. The adjustment was made possible because the program will generate more income at the new increased, yet, competitive billing rate.

ACTIVITY: Workers' Compensation Rehabilitation Special Project **1992-93 Biennial Budget**
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

DECISION ITEM: Reduce Special Project

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

General Fund	\$	(200)	\$	(200)	\$	(200)	\$	(200)
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Revenues

General Fund	\$	-0-	\$	-0-	\$	-0-	\$	-0-
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GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$	(200)	\$	(200)	\$	(200)	\$	(200)
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Revenues

General Fund	\$	-0-	\$	-0-	\$	-0-	\$	-0-
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Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

The Workers' Compensation Special Project was intended to be a short-term demonstration to improve services for injured workers who were having difficulty entering rehabilitation planning. The grant is designated for Vinland Center and not awarded through an open competitive process. The 1991 grant is the third year of this pilot which was funded at \$200,000 to serve 33 injured workers. Evaluation of the project to date has found that as a result of this three-week intensive service, injured workers who previously were reluctant to enter vocational planning report improved self concepts and many have entered the vocational rehabilitation process. About 36% have been placed in employment since the pilot started.

RATIONALE:

The reduction would eliminate this special project for both years of the biennium. Thirty-three injured workers would not receive the service each year of the biennium. Approximately 80% of the individuals are eligible for rehabilitation services under the Workers' Compensation Law, and it is likely that the insurance carrier will approve payment for services at the Vinland Center. The remaining individuals would receive services through the Department Workers' Compensation Rehabilitation Services activity which was established for individuals where the employer has denied liability for the workers' rehabilitation.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY: Extended Employment
PROGRAM: Rehabilitation Services
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Extended Employment Reduction (Adjustment)

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY REQUEST:

Expenditures						
General Fund	\$	(50)	\$	(50)	\$	(50)
Revenues						
General Fund	\$	0	\$	0	\$	0

GOVERNOR'S RECOMMENDATION:

Expenditures						
General Fund	\$	(50)	\$	(50)	\$	(50)
Revenues						
General Fund	\$	0	\$	0	\$	0

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The program will be reduced \$50,000 a year by eliminating one position and some non-personal service costs.

RATIONALE:

This reduction will be met by eliminating a provider certification process which can be replaced through national accreditation already required in the Rule and by adding assurances to the Extended Employment contracts. This will require a non-controversial change in the Rule.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. Furthermore, the department should consider developing a plan for its rehabilitation services program which continues to support the delivery of services to citizens with disabilities through a single point of entry at the community level, allows greater consumer control, and ensures greater coordination of services among the public and private agencies currently involved in providing services.

PROGRAM: Services for the Blind
 Job: Jobs and Training, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The mission of Services for the Blind (SSB) is to facilitate the achievement of vocational and personal independence by children and adults who are blind or visually handicapped through four major program activities: Rehabilitation Services, Business Enterprises, Communication Center and Client/Staff Support. The statutory references for these program activities are M.S. 248.07, Minnesota Rule Chapters 3321 and 3325, the Rehabilitation Act of 1973, as amended in 1986, Public Law 101-366 (the American with Disabilities Act), Access '92, and the Randolph-Sheppard Act. The four program activities include:

- Rehabilitation Services (RS) - Direct rehabilitation services are available to people of all ages who are blind or visually handicapped (including those who have additional physical and/or mental impairments) when their loss of vision causes a handicap to vocational, educational or personal independence. Distinct service programs include: Vocational Rehabilitation (VR), Child Rehabilitation (CR), Independent Living (IL) for multiply handicapped and elderly, and Self Care (SC) for the elderly. Services include counseling and adjustment to blindness, which facilitate consumer growth and development, instruction in alternative techniques including braille and travel training for independence, vocational training and job placement for economic self-sufficiency, the newly established SSB Resource Center for Assistive Technology (which provides access to and training on adaptive equipment), and a partnership with the private-sector employer committee which helps consumers get needed work and internship experiences. Clients are served through 11 field offices statewide.
- Through Business Enterprises (BE), small business franchise opportunities are created statewide for people who are blind and receiving rehabilitation services and offers training in managing these businesses so the vendors can function as independent contractors in public and private buildings, including post-secondary institutions and rest areas on interstate and state highways. The opportunities include operating lunchrooms, snack bars, gift shops, vendeterias and vending routes and vending machines.
- The Communication Center (CC) provides a statewide specialized library, transcription, radio, and telephone reading service to eligible Minnesotans (anyone unable to read normal newsprint because of a visual or physical handicap). Eligible clients and educational institutions may borrow taped textbooks or leisure-books, special phonographs, cassette players, and closed-circuit radios. Master transcriptions (onto tape or into braille) of textbooks, books, job-related manuals, and other printed materials are prepared for clients. Four hundred and fifty trained volunteers augment these efforts.
- Client/Staff Support (CSS) - Timely, responsive and quality services enable clients to reach and sustain their rehabilitation goals, ensure that staff are informed decision-makers and assist in maintaining positive relationships with our partners. Services include certification of legal blindness for homestead and tax benefits, "The Store" (an outlet for client adaptive aids and devices), management of client rehabilitation aids and devices distribution and equipment lease programs, Employer Partnership Project, Advisory Council support, program development and evaluation, staff development, State Plan development, implementation of SSB Management System, public information, building management, recycling program, information management and reporting, financial management of client and administrative budgets, purchasing, office services, contract management and auditing.

PERFORMANCE:

Rehabilitation Services has recognized the need for expertise and strategic planning for high quality service delivery in the distinct program activities and is moving toward specialization of staff and

dedication of resources to meet this need. In addition, it is moving toward a performance-based management system which empowers staff at the lowest possible level to make decisions. Emphasis is placed on measurable standards and case review. Services for the Blind ranks third in the country in producing Social Security reimbursements earned for successful competitive placements and will continue these aggressive efforts.

	Actual 1989	Actual 1990	Estimate 1991	Request 1992	Request 1993
# Served:					
Vocational Rehab	3,117	2,669	2,600	2,300	2,200
Child Rehab	750	723	750	700	700
IL Prog	765	797	700	550	550
Self Care	791	580	600	650	700
# Achieving					
Vocational Goal	574	440	425	375	375
# Achieving Child					
Services Goal	29	38	35	35	35
# Achieving More					
Independent Life Style:					
IL Prog	179	233	200	150	150
Self Care	230	167	160	200	200

These successful rehabilitations result in revenue to the State, an increased tax base, reduction of burden on other public benefit programs, increase in people's quality of life by allowing them to live in their own community, and avoidance of unnecessary institutionalization and dependency.

We anticipate reduced service because of increased emphasis on quality outcomes.

Each year Business Enterprises Program adds more profitable businesses and closes or combines unprofitable ones. Currently, there are 80 such businesses across the state. The Program also provides management assistance to the blind vendors to make their operations more efficient. The blind vendors contribute approximately 13 percent of their income to the state to operate the program, totaling over \$314,000 (including interest) this past year. The nonappropriated support of this program has been rising each year and currently accounts for 44 percent of expenditures.

	Actual 1989	Actual 1990	Estimate 1991	Request 1992	Request 1993
# of Locations	83	80	80	80	80
# of Operators	85	83	83	83	83
Program Sales	7,750,000	8,060,000	8,382,000	8,717,280	9,065,000
Operational Charges	268,830	276,894	285,200	293,756	302,568
Average Net Profit					
for Vendor	21,078	21,710	22,361	23,031	23,722

The Communication Center is the exclusive provider of its products and services. Custom-recorded textbooks and job material help blind persons achieve the ultimate goal of personal independence. The Radio Talking Book is more than just a radio reading service. It's a link to education and employment, an informative and entertaining contact with the outside world, providing daily newspapers, current magazines and books in a timely fashion. Dial-In News enables consumers to access the daily newspaper at home by touchtone phone 24 hours a day. Center services open the door to a complete library of books, both recorded and braille. Communication Center services are an integral part of the everyday lives of thousands of Minnesotans who are blind and physically handicapped at a cost of about \$105 per person per year. Consumers depend on the Center to be there and to provide information 24 hours a day, seven days a week.

Communication Center added 2,000 new users in a 14 month period. Despite such user increases,

PROGRAM: Services for the Blind
(Continuation)
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

projections indicate that resources will not be available to support continued service at that level. In fact, significant decreases are anticipated.

	Actual 1989	Actual 1990	Estimate 1991	Request 1992	Request 1993
# of Individuals Served	11,825	13,308	12,642	10,746	10,423
# of Institutions Served	557	686	651	553	537
# of Braille Pages Produced	732,044	735,086	720,384	669,957	656,557
# of Audio Cassettes Produced	62,209	61,846	43,609	40,556	39,745
# of Active Volunteers	411	468	460	430	430

Client/Staff Support processed 543 certifications of legal blindness and 5,158 affidavits of blindness for real estate and tax benefits for clients. "The Store" had 922 purchasing customers with total gross sales in the amount of \$22,363. This included both walk-in and mail order business.

PROSPECTS:

Over the past several years, inflationary increases for services purchased on behalf of clients (as part of their rehabilitation plan) and pay increases for staff as part of the bargaining agreements (without full state salary supplement) have decreased the purchasing power of Services for the Blind's resources. At the same time, there has been an increased demand for aid to individuals, particularly for access to and training on adaptive equipment. There has been a steady increase in and demand for service by persons over 55, as the population of Minnesota is aging. Today, one Minnesotan in eight is elderly. Additionally, there has been an explosion in the demand for brailled and taped textbooks, job manuals and other reading materials spurred on by renewed emphasis on literacy, i.e. Independent Living projects, Library of Congress outreach programs, heightened consumer expectation, and the Braille Law passed by the Legislature in 1987 to expand Braille usage for blind students. Braille production has almost tripled over a five-year period. In one year, the number of college students requesting tape has increased by 81 percent and job-related requests have increased by 33 percent. The number of requests for taped and brailled materials has increased on an average of 16 percent per year.

In an attempt to address this growing financial problem, federal Social Security reimbursement funds which had been held in reserve and any new SSA receipts received were incorporated as an integral part of the operating budget. This stopgap measure provided some relief to the catastrophic problem; however, these funds have now been depleted. Since these funds became an integral part of the operating budget and they are now gone, the financial implications to the program and the clients it serves is grave, in that Services for the Blind is forced to rely on current receipts only which are neither guaranteed nor timely.

Cost containment/revenue enhancement strategies have been implemented to assist with the budget shortfall, such as: direct client-service delivery positions being held vacant or eliminated resulting in layoff; reallocating existing resources; organizational restructuring; and elimination of the long-outstanding Radio Talking Book monthly program guide. Recent efforts to increase non-public financial support have assisted particular activities within Services for the Blind.

PLAN:

Same-level funding in 1992 and 1993, coupled with the depletion of Social Security reimbursement

funds, the increased demand for aid to individuals, and the explosion in the demand for taped and brailled materials will result in substantially reduced services due to a shortfall in excess of one million dollars. This projected shortfall will require Services for the Blind to implement all or a combination of the following strategies:

1. A combination of administrative, staff and program cutbacks directly affecting the service delivery to children, elderly and vocationally oriented adults who are blind or visually handicapped.
2. Identifying and implementing strategies for basic program building and public/private partnership efforts such as Resource Center for Assistive Technology, Dial-In-News, etc.
3. Continuing revenue-raising efforts across all sections.
4. Containing costs and increasing staff productivity.

The magnitude of actions taken may be adjusted based on final federal and state appropriations, consumer input, and revenue-raising/partnership efforts.

All actions are subject to review by the Minnesota Council for the Blind, Business Enterprises Operator Management Committee, and other consumer and support groups such as American Council of the Blind, Friends of the Communication Center, National Federation of the Blind and the United Blind.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: SERVICES FOR BLIND

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
SERVICES FOR BLIND	9,385	10,292	10,053	10,460	10,460	10,460	10,648	10,648	10,648
TOTAL EXPENDITURES BY ACTIVITY	9,385	10,292	10,053	10,460	10,460	10,460	10,648	10,648	10,648
DETAIL BY CATEGORY:									
STATE OPERATIONS	6,825	7,267	7,181	7,264	7,756	7,756	7,484	7,976	7,976
LOCAL ASSISTANCE	437	441	100	25	10	10	23	8	8
AID TO INDIVIDUALS	2,123	2,584	2,772	3,171	2,694	2,694	3,141	2,664	2,664
TOTAL EXPENDITURES BY CATEGORY	9,385	10,292	10,053	10,460	10,460	10,460	10,648	10,648	10,648
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	3,289	3,507	3,595	3,636	3,636	3,636	3,626	3,626	3,626
GIFTS AND DEPOSITS	7	42	94	54	54	54	54	54	54
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	461	478	491	564	564	564	584	584	584
JOBS & TRAINING	5,628	6,265	5,873	6,206	6,206	6,206	6,384	6,384	6,384
TOTAL FINANCING	9,385	10,292	10,053	10,460	10,460	10,460	10,648	10,648	10,648

ACTIVITY: Services for the Blind
PROGRAM: Services for the Blind
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Base Reallocation Decision

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
AGENCY PLAN:				
Expenditures				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The agency proposes reallocating the State appropriation as follows:

	State (in thousands)		Net Effect of All State, Federal, and Special Revenue (in thousands)	
	FY 1992	FY 1993	FY 1992	FY 1993
Personal Services	+196	+332	+349	+539
Non-Personal Services	+296	+160	+226	+256
Grants	- 15	- 15	- 90	- 92
Aid to Individuals	-477	-477	- 78	-108

RATIONALE:

Services for the Blind will be experiencing severe financial hardship (in excess of 1 million dollars for each year of the biennium) without increased state funding. This shortfall will result in implementation of all or a combination of administrative, staff, and program cutbacks impacting on children, the elderly, and vocationally oriented adults. The proposed actions to be taken are being reviewed by consumer and support groups for their input before the final reallocation decisions are made. Since the type and magnitude of cutbacks are unknown at this time, Personal Services has been funded at full complement with a projected 4.5% bargaining unit increase per the Department of Finance recommendation. Similarly, the decision was made to increase Non-Personal Services to more closely align with actual expenditures in this area. These Non-Personal Services expenditures

were previously funded with Social Security Reimbursement reserve funds which are now depleted. The funding for these increases (without salary supplement) was accomplished by the reallocation of funds from Grants and Aid.

For the period ending June 30, 1991, Services for the Blind was allowed to transfer money to "Grants in Aid". With this rider in place and the transfers approved to Personal and Non-Personal Services as outlined above, the Department would have the ability to implement the budget according to advice provided by the Minnesota Council for the Blind.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM PURPOSE:

The Economic Opportunity program helps Minnesota's low-income citizens obtain the skills, knowledge and motivations necessary for their personal independence and economic self-sufficiency and are designed to:

- Provide Head Start services including health, parent involvement, educational, social, and other services to low-income preschool children, ages three to five, and their families;
- Provide emergency food to relieve hunger through general distribution of United States Department of Agriculture surplus commodities to low-income households, food banks, food shelves, emergency meal sites and emergency overnight shelters;
- Provide comprehensive services to homeless individuals and families through emergency overnight shelters, transitional housing, support and assessment services, follow-up and long-term services (which include renovation, rehabilitation or conversion of buildings for use as shelters for the homeless), and essential social services including employment, health, substance abuse, education, food, and income support;
- Provide financial support to low-income households to pay their home heating energy costs, in response to high fuel prices and to any sudden or rapid increase in energy costs, while encouraging energy self-sufficiency through conservation and education activities;
- Apply energy conservation measures to low-income dwelling units in order to reduce household energy consumption and reduce the burden of higher fuel costs on low-income households. Services include building shell weatherization as well as furnace retrofit and repair; and
- Alleviate the causes of poverty in Minnesota by supporting Community Action Agencies (CAAs) with funding and support for the local design, demonstration, and implementation of anti-poverty programs in their communities through direct services, crisis intervention, self-sufficiency activities or a vehicle for networking community services.

PERFORMANCE:

The problems affecting low-income Minnesotans have become increasingly complex. The poverty population in Minnesota is far from homogeneous. Statistics, data and trends do not account for the complexity and diversity of the population. Perceptions about poverty are often distorted by inadequate data. To suggest that large numbers of Minnesotans have fallen into poverty because of personal failing implies that individuals are in full control of their economic destiny. In fact, this assumption ignores substantial evidence that poverty for most Minnesotans is the result of forces that are beyond their control. To low-income Minnesotans, including the working poor, there is a poverty of opportunity. Health insurance and child care are unaffordable, housing cost are too high, wages are too low, and the basic necessities, including food, have become luxuries.

Economic Opportunity works to alleviate and solve the economic plight of low-income Minnesotans, especially its most vulnerable citizens, including children, elderly and handicapped. Economic Opportunity supports a network of people working with anti-poverty programs by providing state and federal funding to more than 100 organizations, including CAAs, county social service offices, municipalities, Indian Reservation governments, the Minnesota Migrant Council and other non-profit agencies.

It has been a priority to increase the opportunities of low-income families with preschool children to participate in the Head Start Program by increasing the number of program participant slots. The

association of poverty and general levels of educational attainment has been documented. Research has indicated that special help for the children of low-income parents, in the form of pre-school education, is crucial to prepare them to succeed in school as they mature. Head Start is a family-oriented child development program for children between the ages of three and five years offering four components: education, health, social services and parent involvement. The program also provides the parents with an opportunity to seek training and employment which may not otherwise be possible.

Head Start

	Actual FY 1989	Actual FY 1990	Estimate FY 1991	Estimate FY 1992	Estimate FY 1993
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Effectiveness Measures

No. of Children Served in Head Start	6,901	7,710	7,700	7,700	7,700
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The need for assistance to homeless people continues to grow. The number of transitional housing projects has increased from 9 in 1985 to 50 in 1990. Approximately 2,800 homeless people are served each night in shelters and transitional housing programs, and an average of 129 persons a night are turned away from transitional housing.

Transitional Housing

	Actual FY 1989	Actual FY 1990	Estimate FY 1991	Estimate FY 1992	Estimate FY 1993
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Effectiveness Measures

No. of Individuals in Transitional Housing	1,050	1,300	1,300	1,300	1,300
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Any efforts to provide help for homeless persons and families must take into account the specific barriers that may prevent someone from obtaining permanent housing. Homelessness results not only from poverty, but also from changes in government housing policies and the destruction or improvement of what was formerly low-income housing. In addition, many individuals have low levels of education, poor employment prospects, bad work records, chemical dependency, mental health problems and relationships characterized by abuse or crises which create situations leading to homelessness.

In the winter of 1989-90, increased attention was focused on the high prices paid for home heating and its burden on the low-income population. Economic Opportunity has distributed resources to meet household needs in times of crisis and to promote energy-efficient behaviors of households and thus reduction of home energy usage.

Conservation

	Actual FY 1989	Actual FY 1990	Estimate FY 1991	Estimate FY 1992	Estimate FY 1993
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Effectiveness Measures

No. of Households Served, EAP	108,299	107,115	107,000	107,000	107,000
No. of Dwelling Units Weatherized	10,212	8,866	7,000	6,100	5,600

PROGRAM: Economic Opportunity
(Continuation)
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

The Economic Opportunity Office (EOO) has worked closely with community groups, volunteers and food distribution networks to distribute government surplus commodities in order to alleviate hunger in Minnesota. These surpluses are meant to supplement other programs operated at the community level.

Temporary Emergency Food Assistance Program

	<u>Actual FY 1989</u>	<u>Actual FY 1990</u>	<u>Estimate FY 1991</u>	<u>Estimate FY 1992</u>	<u>Estimate FY 1993</u>
<u>Effectiveness Measures</u>					
No. of Households Served in TEFAP	145,332	130,000	125,000	125,000	125,000
No. of Lbs. of Food Distributed	5,755,000	5,300,000	5,000,000	5,000,000	5,000,000

The EOO believes that the most significant and positive impact of its efforts is its operating through a network of local organizations that leverage federal, state and local resources to address low-income needs. It has developed a strong working relationship with CAAs. It has provided a partnership mechanism for the Minnesota Legislature, other state and federal government agencies and CAAs to work towards mutually defined goals, increased coordination, and avoidance of redundant efforts on behalf of the poor.

PROSPECTS:

Poverty has increased in Minnesota since the 1980 census. An estimated 470,000 Minnesotans currently live in poverty, approximately 11.5 percent of the state population. Minnesota has experienced growth in employment, but a significant number of those jobs are at a wage level that does not meet the costs of basic needs. In order to obtain better paying jobs, individuals often need training and support services. Increasingly, the working poor turn to these programs to fill the gaps in meeting their basic needs.

The Head Start Program can accommodate only 35 to 40 percent of the eligible population. Preschool education and parental involvement in early childhood education remain primary issues in low-income families. The EOO believes that the goal of full funding for Head Start is necessary and a wise investment of state funds.

Large numbers of people are living closer to the threshold of homelessness. Homelessness stems from the changes in the housing market, as evidenced in the decrease in low-income housing units; the structure of the economy in both urban and rural areas, as evidenced by the increasing number of individuals living in poverty, plant foreclosures and farm failures; the family, with the increasing number of cases of battered women, pregnant teens and single parents; and public policies, designed for the care of dependent populations. This is further documented by the increased use of food shelves, free clothing stores and other support programs. The near-homelessness population has become increasing diverse and any life crisis can force a family across the threshold of homelessness.

The growing energy crisis is expected to continue. The price of home heating fuel is on the rise. The low-income population is particularly vulnerable because of their inability to adjust a limited income to compensate for household energy necessities. The elderly are most susceptible because of their fixed income. There will likely be dramatic increases in household energy costs in the next decade.

In response to this need, the EOO is in the final stages of implementing changes in the State's Weatherization Program. In the M-200 weatherization study, the weatherization program demonstrated an average energy savings of 17.7 percent on homes completed in the demonstration. This savings was up 160 percent from the savings indicated in a 1986 utility bill study conducted on the program.

PLAN:

The EOO does not recommend any reallocation between activities. After reviewing each activity and its current operations, the office finds total current resources insufficient to meet needs and finds no gain would be accomplished through reallocation of base-level funding. The current Children's Agenda and its Head Start component, the looming energy crisis, the homeless problems, the increasing hunger situation, and the need to maintain funding for CAAs to respond to the needs of the homeless and low-income people in their communities, will put increasingly greater pressures on the office and its current budget to meet the needs of these targeted populations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. This program includes the Governor's Initiative for Head Start.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: ECONOMIC OPPORTUNITY

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
COMMUNITY ACTION PRGMS	9,979	11,985	11,073	11,463	11,463	11,463	11,875	11,875	11,875
HEAD START	2,345	5,503	5,505	5,506	5,506	6,506	5,506	5,506	6,506
FOOD ASSISTANCE	767	855	815	815	815	815	815	815	815
HOUSING ASSISTANCE	890	1,078	1,078	1,072	1,072	1,072	1,072	1,072	1,072
ENERGY ASSISTANCE	44,475	44,826	45,556	46,350	46,350	46,350	48,694	48,694	48,694
WEATHERIZATION ASSIST	24,935	15,372	17,768	16,323	16,323	16,323	15,410	15,410	15,410
TOTAL EXPENDITURES BY ACTIVITY	83,391	79,619	81,795	81,529	81,529	82,529	83,372	83,372	84,372
DETAIL BY CATEGORY:									
STATE OPERATIONS	2,889	2,876	2,888	2,928	2,928	2,928	3,024	3,024	3,024
LOCAL ASSISTANCE	80,502	76,743	78,907	78,601	78,601	79,601	80,348	80,348	81,348
TOTAL EXPENDITURES BY CATEGORY	83,391	79,619	81,795	81,529	81,529	82,529	83,372	83,372	84,372
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,889	7,321	7,332	7,289	7,289	8,289	7,287	7,287	8,287
STATE GOVT SPEC REV		778	81						
SPECIAL REVENUE	7,465								
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV			4,500	2,650	2,650	2,650	1,200	1,200	1,200
SPECIAL REVENUE	459								
JOBS & TRAINING	72,578	71,520	69,882	71,590	71,590	71,590	74,885	74,885	74,885
TOTAL FINANCING	83,391	79,619	81,795	81,529	81,529	82,529	83,372	83,372	84,372

ACTIVITY: Head Start
PROGRAM: Economic Opportunity Office
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Governor's Initiative - Head Start

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

GOVERNOR'S RECOMMENDATION:

Expenditures

General Fund	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
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Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This activity funds enrollment in Head Start above what federal funds support. This year (1991) 24% of funding for Head Start are state funds and 76% is federal. There are estimated to be 22,411 low-income children eligible for Head Start from the 1980 Census. Head Start funding provides pre-school education, health screening and medical follow-up, nutritional services, social services for families, and parent involvement to 8,697 three and four-year-olds from low-income families, including 10% handicapped children. The program serves 39% of the eligible population.

RATIONALE:

The additional funds will increase the number of children served in 1992 by 342 to a total of 9,039 children served. This will bring the number of children served in 1992 to slightly more than 40% of potential participants. In the coming year, the department should explore current licensing requirements and regulations which could possibly be waived in order to encourage organizations which have traditionally not been involved with Head Start to participate in new and cooperative programs to better serve children. The new state funding proposed in this initiative could be used to finance such participation, while at the same time increasing the number of children served.

The Governor's Initiatives for Children also includes a new program called Families Plus which will be placed in the Department of Education and will receive new funding of \$2 million per fiscal year. This new funding may also be available to Head Start grantees who qualify for the new program.

FISCAL SUMMARY - FEDERAL FUNDS
Federal Block Grants and Significant Changes in Federal Funding

Federal Grant Title: Low Income Home Energy Assistance Block Grant (CFDA #13.818)
Agency: Jobs and Training, Department of

State Legal Authority: Governor Designation

GRANT OBJECTIVES

To help low-income Minnesotans meet the cost of home heating, deal with energy-related crises, and engage in energy conservation activities.

	<u>FEDERAL FISCAL YEAR</u>			
	<u>(Dollars in Thousands)</u>			
	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
1. Financial Assistance to Individuals or Political Subdivisions				
Local Administration	\$ 4,251.6	\$ 4,329.2	\$ 4,537.0	\$ 4,537.0
Heating Assistance	39,285.9	39,724.7	41,823.2	41,823.2
Crisis	1,647.7	1,500.0	1,500.0	1,500.0
Energy Repair	2,178.0	2,500.0	2,500.0	2,500.0
Transfers				
CSBG	5,525.5	5,747.1	6,022.9	6,022.9
Weatherization	<u>\$ 2,604.8</u>	<u>\$ 2,826.0</u>	<u>\$ 2,962.4</u>	<u>\$ 2,962.4</u>
Subtotal	<u>\$55,493.5</u>	<u>\$56,627.0</u>	<u>\$59,345.5</u>	<u>\$59,345.5</u>
2. State Agency Operations				
State Administration	<u>\$ 827.9</u>	<u>\$ 843.1</u>	<u>\$ 883.6</u>	<u>\$ 883.6</u>
Subtotal	<u>827.9</u>	<u>843.1</u>	<u>883.6</u>	<u>883.6</u>
Total Dollars This Grant	\$56,321.4	\$57,470.1	\$60,229.1	\$60,229.1

Conditions:

1. No significant federal changes anticipated.
2. Federally (and State) Permitted Uses and Use Restrictions:
 - 10% administrative limitations
 - 5% transfer to weatherization
 - 10% transfer to CSBG block grant
3. There is no state matching requirement.

FISCAL SUMMARY - FEDERAL FUNDS
Federal Block Grants and Significant Changes in Federal Fundin

Federal Grant Title: Community Services Block Grant (CFDA #13.665)
Agency: Jobs and Training, Department of

State Legal Authority: Minnesota Statutes 268.52

GRANT OBJECTIVES:

To identify and eliminate the causes of poverty by providing a range of services having a major impact on the causes of poverty and strengthening the community-based organizations which represent the interests of the poor on the local level. The method is to grant funds to entities defined as eligible in the federal authorizing legislation and in the Minnesota Community Action Act for activities locally identified and prioritized.

Federal Grant Use:	<u>FEDERAL FISCAL YEAR</u> (Dollars in Thousands)			
	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
1. Financial Assistance to Individuals or Political Subdivisions				
Grants to Local Agencies	\$ 3,828.2	\$ 3,981.4	\$ 4,112.9	\$ 4,112.9
Subtotal	\$ 3,828.2	\$ 3,981.4	\$ 4,112.9	\$ 4,112.9
2. State Agency Operations				
State Administration	\$ 201.4	\$ 209.5	\$ 216.5	\$ 216.5
Subtotal	\$ 201.4	\$ 209.5	\$ 216.5	\$ 216.5
Total Dollars This Grant	\$ 4,029.6	\$ 4,190.9	\$ 4,329.4	\$ 4,329.4

Conditions:

- There are no significant federal changes anticipated which would affect agency operation or financial assistance to individuals or political subdivisions.
- Federally (and State) Permitted Uses and Use Restrictions:
 - 5% state administrative limitation
 - 90% allocation to eligible grantees by formula
 - 5% discretionary use
 - Legislative hearings required annually on plan

The allocation to local grantees is governed by M.S. 268.52-54, as amended. The formula is a base amount plus an amount based on percent of poverty-level individuals.
- There is no state matching requirement.

PROGRAM: Employment and Training
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

The Employment and Training Program provides an array of special programs to address needs of those seeking assistance in obtaining meaningful employment, and/or needing intensive services or training to obtain employment and economic and social self-sufficiency. These programs, many of which are targeted to specific populations, are funded through a variety of sources, with a majority being grants from federal agencies. The major purpose of the program is to serve both job seekers and employers by matching workers to available job openings and directing special services and/or training to those experiencing barriers to employment.

Specific programs and services are designed to:

- Provide employment and training programs for economically disadvantaged youth, adults, and veterans facing serious barriers to employment;
- Provide basic and vocational skills services to "hard to reach and teach" individuals from targeted groups including minorities, welfare recipients, offenders, and ex-offenders;
- Promote the creation of part-time jobs in community service activities for jobless, low-income individuals over 55 years of age;
- Establish a training program for older, low-income workers in activities designed to promote the tourism industry;
- Enhance the basic educational skills of youth 14 to 21 years of age; encourage school completion or enrollment in supplementary or alternative school programs; provide low-income and other "at-risk" youth with exposure to the world of work;
- Provide employment and training services for people who, through no fault of their own, find themselves without a job because of plant closures, permanent layoffs, skill obsolescence, technological change, or other economic disruptions;
- Assist displaced homemakers in making the transition from caring for the home and family and depending on the income of others to independence and economic and social self-sufficiency through employment; and
- Provide a federally funded Job Service, part of a nationwide labor exchange function, which matches job seekers with employers at no cost to either.

PERFORMANCE:

The Department allocates the majority (78%) of the basic JTPA grant (Title II-A) to 17 separate local substate service delivery areas. The rest of the JTPA Title II-A funds are devoted to: support State Job Training Office administration and oversight (5%); provide funds to service delivery area, exceeding federal and state performance standards, for the initiation of special projects and/or augmentation of existing services (6%); provide funds to support employment and training programs to economically disadvantaged individuals 55 years of age and over (3%); facilitate coordination and cooperation among education and employment and training agencies to develop and provide services to economically disadvantaged persons (8%). The most significant past and anticipated results of the Title II-A program are the following:

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Total Participants	18,770	16,620	14,900	13,900
Total Placements	8,122	6,520	7,900	7,500
Average Hour Wage	\$5.90	\$6.07	\$6.20	\$6.40
Cost per Placement	\$2,212	\$2,900	\$2,950	\$2,950

The JTPA Title IV-C program provides employment and training services to meet the needs of identified hard-to-serve veterans including service-connected disabled veterans, veterans of the Vietnam Theater, and minority veterans.

Title IV-C Veterans Placed: 150 (FY90); 166 (FY91); 166(FY92); 166(FY 93).

The Older Americans Act Title V Senior Community Service Employment Program (SCSEP) promotes the creation of part-time jobs in community service activities for jobless, low-income people over 55 years of age. The participants receive annual physical examinations, personal and job-related counseling.

The following are the past and anticipated program results:

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Enrolled	413	305	305	305
Placed	67	61	61	61

The Minnesota Legislature (1989 Session Law, Chapter 282, Article 2, Section 176) established the Minnesota State Hospitality Host Program to set up a training program for older, low-income workers in activities designed to promote and help the tourism industry. Entry-level wages average \$4.50 per hour, with variations caused by local wage scales. The following are past and anticipated program results:

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Enrolled	125	153*	153*	153*
Placed	34	54	54	54
Classroom Training	125	75	75	75

*Includes participants carried forward from previous year.

The Opportunities Industrialization Centers (OICs) provide comprehensive job training and placement services to the economically disadvantaged, unemployed and underemployed under the coordination of the Minnesota OIC State Council, funded by the State Legislature. The programs are community-based organizations that provide basic and vocational skills services to "hard to reach and teach" clients from targeted groups including minorities, welfare recipients, offenders and ex-offenders. The Minnesota Legislature has authorized the OICs to identify and assist additional communities in the state to develop and operate improved employment and training delivery systems.

The local programs are funded by such sources as: state (supports both the Council and the local OICs); local JTPA funds; JTPA Title IV; and public and private contributions.

The following are the past and anticipated program results:

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Enrolled	350	350	360	360
Trained	200	200	210	210
Placed/Higher Education	184	195	190	190
Carry-In	100	100	100	100

PROG: Employment and Training
(Continuation)
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

FY 1989:

- Percent Welfare Placed: 48%
- Average Wage at Placement: \$10,679 per year
- Percent Minorities Served: 80%

The Department allocates 100% of JTPA Title II-B (JTPA Summer Youth Employment and Training Program) to 17 service delivery areas to: 1) enhance the basic educational skills of youth, ages 14 to 21 years of age; 2) encourage school completion or enrollment in supplementary or alternative school programs; and 3) provide low-income and other at-risk youth with exposure to the world of work.

The Minnesota Youth Program is authorized by the Youth Employment Act of 1977. It is delivered in conjunction with the federally funded JTPA Title II-B and its purpose is the same. However, the state-funded program provides program operators with greater flexibility, allowing them to:

- serve non-disadvantaged youth;
- expand services to youth at risk of dropping out of school;
- address the youth literacy problem;
- implement school-year support components with local educational agencies; and
- provide operators with the flexibility to offer services year-round.

Youth Intervention Programs are 23 non-residential, community-based programs, funded by the state, providing advocacy, education, counseling and referral services to youth and their families. Programs deal with youth, ages 10 to 17, in the context of family, school and the community. Problems such as child abuse, family violence, delinquency prevention, chemical abuse, family economic distress, and family breakdown are addressed.

The state participates in the Juvenile Justice and Delinquency Prevention Act, a federal grant for juvenile justice program. The Act funds programs for juveniles, individuals 18 years of age and under, who are involved with or at risk of involvement with the juvenile justice system, with services designed to prevent and reduce juvenile delinquency, to improve the quality of juvenile justice, to train professionals, and to improve school retention.

In summer 1989, JTPA Title II-B provided services to 6,711 economically disadvantaged youth and 3,466 youth were provided services under the Minnesota Youth Program (79% economically disadvantaged; 23% enrolled in remedial education course; 20% from families receiving public assistance; 26% handicapped; 20% minority youth; and 7% youth offenders).

Annually, the Youth Intervention Program serves approximately 6,800 youth. The average 1986 recidivism rate among Youth Intervention Program participants was 7.8% compared to a national average of 18% for youth referred to court.

Currently, the federal government funds nine Juvenile Justice Programs which provide jail removal services in 35 counties.

JTPA III (Economic Dislocation and Worker Adjustment Assistance Act) programs provide employment and training services for persons who, through no fault of their own, find themselves without a job due to plant closures, permanent layoffs, skill obsolescence, technological change or other economic disruptions. The State Dislocated Worker Program utilizes existing dislocated worker structures, policies and procedures to supplement the federally funded programs and services targeted to dislocated workers. Both programs are designed to assist workers to adjust to the dislocation, and to assist them to acquire new job skills and a new job. The goal of the program is to place at 64% of all participants into jobs at a wage of at least \$6 per hour. In documented economically distressed

areas, the average wage must be at least \$5 per hour. The following are the past and anticipated results of the program:

	FY 1990	FY 1991	FY 1992	FY 1993
Enrolled	5,976	12,000	11,500	3,300
Terminations	2,915	8,000	7,000	1,980
Entered Employment	1,978	5,440	4,760	1,346
Other	937	2,560	2,240	2,080
Remaining in Program	3,061	4,000	4,500	4,500
Entered Employment Rate	67.8%	68.0%	68.0%	68.0%
Average Wage	\$8.06	\$8.00	\$8.50	\$8.50

The Displaced Homemaker Program assists displaced homemakers in 12 program sites in making the transition from caring for the home and the family and dependence on the income of others to independence and economic self-sufficiency through employment. The program provides intensive career exploration, vocational counseling, pre-employment preparation, job development and placement assistance directed toward self-sufficiency in the labor market. The following are the past and anticipated program results:

	FY 1990	FY 1991	FY 1992	FY 1993
Enrolled	1,814	2,214	2,200	2,200
Entered Training/Education	274	285	275	275
Entered Employment	356	310	325	325
Average Wage	\$5.74	\$6.43	\$6.45	\$6.50

The Job Service provides the public with a variety of counseling and related employment services designed to match employers with qualified job seekers. Specified target groups, such as veterans, are given special attention. Services provided to enhance this labor exchange activity include computerized job match and job search systems. The following are the past and anticipated program results:

	FY 1990	FY 1991	FY 1992	FY 1993
Job Openings Received	145,654	151,000	155,000	155,000
Job Openings Filled	80,797	87,305	87,305	87,305
UI Claimants Placed	8,338	6,891	6,891	6,891
Veterans Placed	10,933	10,000	10,000	10,000

PROSPECTS:

Poverty has increased in Minnesota. An estimated 470,000 Minnesotans currently live in poverty, which is approximately 11.5% of the state population.

Because of limited funding, JTPA programs can only serve approximately 5.8% of the eligible population. As poverty continues to grow and as JTPA funding remains limited, the percentage is expected to decrease. Job Service Programs are primarily federally funded, many through the Department of Labor. Same or reduced funding has limited and will continue to limit the quantity and quality of service to the public.

Limited funding also prevents the Displaced Homemaker Program from serving the entire state. Four counties in the most north central portion of Minnesota remain without a program to meet the needs of the displaced homemaker population in the area. Additionally, there are insufficient funds to serve the 37% increase in the displaced homemaker population in the state during the past decade.

Funds are insufficient to adequately support the youth programs. Resources are needed to meet

PROGRAM: Employment and Training

1992-93 Biennial Budget

(Continuation)

Agency: Jobs and Training, Department of

the ever-increasing need to improve the literacy skills of the state's youth population. The increase in the state minimum wage coupled with limited funds will cause a decrease in service to youth who need such services.

The OIC programs are attempting to expand into the Bemidji and Fond Du Lac Indian reservation areas.

PLAN:

The Department does not recommend any reallocation of current base-level amounts. Without increased funds, the Employment and Training Programs will not be able to maintain existing services or expand needed services to youth, displaced homemakers, dislocated workers, and "hard to serve, hard to teach" individuals.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: EMPLOYMENT & TRAINING

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
JTPA PROGRAMS	24,617	23,583	20,741	19,704	19,704	19,704	18,720	18,720	18,720
YOUTH PROGRAMS	11,061	11,773	10,682	10,861	10,526	10,526	9,666	9,372	9,372
WAGE SUBSIDY	10,846	7,306	70						
EMP INITIATIVE FOR AFDC REC	3,087	2,440	2,285	1,992	1,992	1,992	1,991	1,991	1,991
DISLOCATED WORKERS	4,365	5,553	10,134	20,346	10,273	10,273	20,646	20,573	20,573
DISPLACED HOMEMAKERS	1,147	1,351	1,360	1,361	1,361	1,361	1,361	1,361	1,361
EMPLOYMENT PROGRAMS	20,447	21,989	22,886	23,923	23,773	23,773	24,989	24,839	24,839
IRIS	199	21	54						
BLS/LMI	1,668	1,749	1,697	1,547	1,547	1,547	1,547	1,547	1,547
TOTAL EXPENDITURES BY ACTIVITY	77,437	75,765	69,909	79,734	69,176	69,176	78,920	78,403	78,403
DETAIL BY CATEGORY:									
STATE OPERATIONS	23,216	23,730	25,296	26,516	26,516	26,516	27,514	27,514	27,514
LOCAL ASSISTANCE	51,427	50,416	43,610	52,225	41,677	41,677	50,423	49,916	49,916
AID TO INDIVIDUALS	2,794	1,619	1,003	993	983	983	983	973	973
TOTAL EXPENDITURES BY CATEGORY	77,437	75,765	69,909	79,734	69,176	69,176	78,920	78,403	78,403
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	12,961	11,924	4,445	5,500	4,942	4,942	4,749	4,232	4,232
STATUTORY APPROPRIATIONS:									
GENERAL	1,319	2,043	1,835	1,542	1,542	1,542	1,541	1,541	1,541
SPECIAL REVENUE	1,920	1,531	4,097	15,027	5,027	5,027	15,527	15,527	15,527
JOBS & TRAINING	61,237	60,267	59,532	57,665	57,665	57,665	57,103	57,103	57,103
TOTAL FINANCING	77,437	75,765	69,909	79,734	69,176	69,176	78,920	78,403	78,403

ACTIVITY: Minnesota Youth
PROGRAM: Employment and Training
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

DECISION ITEM: Reduction in Minnesota Youth Program Activity

AGENCY PLAN:	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Expenditures				
General Fund	\$ (335)	\$ (294)	\$ (335)	\$ (294)
Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures				
General Fund	\$ (335)	\$ (294)	\$ (335)	\$ (294)
Revenues				
General Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Minnesota Youth Program is authorized by the Youth Employment Act of 1977. The Minnesota Youth Program is delivered in conjunction with the federally funded JTPA Title II-B. Its purpose is to enhance the basic educational skills of youth 14-21 years old age; to encourage school completion or enrollment in supplementary or alternative school programs, and to provide low income and other "at-risk" youth with exposure to the world of work. However, the state-funded program provides program operators with greater flexibility, allowing them to:

- serve non-disadvantaged youth;
- expand services to youth at-risk of dropping out of school;
- address the youth literacy problem;
- implement school-year support components with local educational agencies; and
- provide operators with the flexibility to offer services year-round.

In 1990, 3,109 youth were served under the Minnesota Youth Program (86% economically disadvantaged; 28% enrolled in remedial education; 22% from families receiving public assistance; 27% handicapped; 31% teen parents; 14% minority youth and 8% youth offenders). A reduction in funding of \$629,000 for the biennium will result in services to approximately 315 fewer participants each year. The reduction will be entirely in local assistance (grants).

RATIONALE:

The funding reduction is justified by a \$65,000 increase in JTPA Title II-B funds which are targeted to the same population of economically disadvantaged youth. Additionally, the cut will be used to reduce services to non-economically disadvantaged youth that have been served by the program.

ACTIVITY: Dislocated Workers
PROGRAM: Employment and Training
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Reduce Dislocated Worker Funding and Program

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
AGENCY PLAN:				
Expenditures				
Dislocated Worker Fund	\$ (10,000)	\$ -0-	\$ -0-	\$ -0-
General Fund	(73)	(73)	(73)	(73)
Revenues				
General Fund Transfer-In	\$ 10,000	\$ -0-	\$ -0-	\$ -0-
Dislocated Worker Fund	\$ (10,000)	\$ -0-	\$ -0-	\$ -0-
GOVERNOR'S RECOMMENDATION:				
Expenditures				
Dislocated Worker Fund	\$ (10,000)	\$ -0-	\$ -0-	\$ -0-
General Fund	(73)	(73)	(73)	(73)
Revenues				
General Fund Transfer-In	\$ 10,000	\$ -0-	\$ -0-	\$ -0-
Dislocated Worker Fund	\$ (10,000)	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: X Yes No
Statutes Affected: MS 268.022

ITEM SUMMARY:

The Dislocated Worker program provides employment and training services to workers who:

1. Due to plant closure or permanent mass layoff, have lost their jobs or received a notice of termination or layoff; or
2. Have terminated through no fault of their own, are eligible for or have exhausted their unemployment compensation and are unlikely to return to their previous occupation; or
3. Are long-term unemployed and have limited opportunities for employment or re-employment in the same or similar occupation in the area, including older individuals who may have substantial barriers to employment by reason of age; or
4. Were self-employed (including farmers and ranchers) and are unemployed as a result of general economic conditions in their community.

Assistance may include: assessment, career counseling and testing; job search training; resume writing, adult basic education/GED; classroom occupational training; on-the-job training; financial and/or personal counseling; support services such as day care assistance or transportation allowances; job development and job placement assistance.

The Special Fund for Dislocated Workers was created by the 1990 Legislature and is funded beginning 01-01-91 by a one-tenth of 1% assessment on all wages paid by employers. This special

assessment ends 06-30-92. These special funds supplement federal Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) funds estimated at \$8,000,000 for the 1992-93 biennium. It is anticipated that the special assessment will generate approximately \$19,500,000 during state fiscal year 1992 and \$5,850,000 in state F.Y. 1993 (the 1993 revenue is generated from the April through June 1992 quarter).

RATIONALE:

The elimination of \$73,000 each year of the biennium will result in the loss of services to approximately 60 workers each year. However, the State of Minnesota will receive an increase in next year's Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) funds of about \$600,000, as well as expected revenue anticipated through the one tenth of one percent U.I. tax. The federal program and State Special Revenue funds will be in a position to absorb those workers because of the budget increase.

By transferring \$10,000,000 to the General Fund, the 1992 State Dislocated Worker program will be reduced by approximately 50%. The remainder of the assessment will allow the program to serve those workers in the highest priority categories. Priority for services will be given to those most in need and hardest to serve. Examples of groups that will be given priority for services include:

- Older workers where age is a specific barrier to employment.
- Single heads of household where family responsibilities will make it more difficult to place in jobs.
- Workers lacking a high school diploma or educational equivalency-GED.
- Workers with minimal occupational skills.
- Workers with obsolete skills.
- Workers where race, sex, or disability is a barrier to employment.
- Combinations of the above factors.

An additional 7,900 dislocated workers could be served in the program in 1992.

The Governor's Job Training Council will assure that all proposals adequately address how they will target the hardest to serve before approving funding for a program. Performance of all programs will continue to be monitored by the State Job Training Office.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

ACTIVITY: Hospitality Host
PROGRAM: Employment and Training
AGENCY: Jobs and Training, Department of

1992-93 Biennial Budget

DECISION ITEM: Reduction in the Hospitality Host Activity

		Dollars in Thousands			
		<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
AGENCY PLAN:					
Expenditures					
General Fund	\$	(150)	\$ (150)	\$ (150)	\$ (150)
Revenues					
General Fund	\$	-0-	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures					
General Fund	\$	(150)	\$ (150)	\$ (150)	\$ (150)
Revenues					
General Fund	\$	-0-	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Hospitality Host Tourism Program was established to assist economically disadvantaged older workers over 55 years of age gain employment in the promotion of the Tourism Industry in Minnesota. The objectives of the program include:

1. Diversification of industry in rural areas by stimulating and promoting tourism.
2. Create full-time and part-time employment for low-income persons 55 and older.
3. Raise the income of older persons living in poverty; and
4. Promote tourism in selected local areas throughout the state.

The program provides participants with 1) 15 hours of pre-employment training including vocational evaluation; 2) 50 hours of classroom training to prepare them as Hospitality Hosts; and 3) 300 hours of on-the-job training.

The Hospitality Host Program planned to enroll 75 participants and to place 54 enrollees into permanent unsubsidized jobs each year at an average hourly wage of \$4.00 per hour. Worksites include chambers of commerce, convention bureaus, community visitor information centers, historical societies, tourist attractions, resorts, ski lodges and hotel/motels. The elimination of this program will result in the loss of training services to additional individuals.

RATIONALE:

This project was originally designed as a demonstration program to satisfy the intended economic need in a specified geographic area of the state. After the program had been established and the intended need satisfied in the identified area, the coordinating agency was to expand its existing

demonstration program to operate in other areas of the state. However, due to limited funding, the program has had only very limited expansion.

The coordinating agency is currently receiving a limited amount of JTPA funds to administer an identical program in their geographic area so that some level of services will continue to be provided.

The Minnesota State Job Training Office (SJTO) administers Title II JTPA 3% funds on a statewide basis. In addition, the SJTO as well as other organizations administer the Title V Senior Community Service Employment on a statewide basis. Either of these two programs serve the economically disadvantaged 55+ target group and may potentially be used to supplement any state funding reductions.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM: Unemployment Insurance
Agency: Jobs and Training, Department of

1992-93 Biennial Budget

PROGRAM PURPOSE:

To provide temporary economic relief through payment of benefits to assist persons in minimizing the economic and social impact of unemployment.

Employers contribute to a trust fund during periods of sound economic conditions to finance benefit payments to people involuntarily unemployed during economic downturns. Benefits help the unemployed meet nondeferable expenses.

The Unemployment Insurance Program encompasses the following activities:

Determining liability of approximately 98,000 employers for unemployment insurance coverage, collecting quarterly employer contributions of approximately \$370 million, auditing accounts annually to ensure proper tax payments and enforcing collection of delinquencies.

Administering Unemployment Insurance Law to insure the prompt payment of benefits to eligible claimants.

Determining benefit entitlements and employer liabilities, and through an appellate process providing impartial due process hearings to persons appealing adverse decisions.

The Department established as its objectives to improve the internal system; publicize and inform employers, claimants and citizens about unemployment insurance; improve coordination with other agencies and programs; and improve tax collections and revision of rule writing.

PERFORMANCE:

The United States Department of Labor has established thirty desired levels of achievement to measure promptness and quality in all areas of Unemployment Insurance.

1. The more significant measures to determine promptness and quality are:

<u>EFFECTIVENESS MEASURES:</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Determine new employer liability and register within 180 days (standard 80%)	86.4	80.4	80.0	80.0
Liabe employer audits (standard 4% annually)	4.2	4.0	4.0	4.0
Make benefit payments within 14 days from first compensable week payable (standard 87%)	96.4	97.8	87.0	87.0

2. Unemployment insurance activity covers 97% of wage and salaried employment, representing more than 98,000 private and public employers in nearly 105,000 different locations and about 1.9 million workers.

The number of claimants in any single year fluctuates with the economy. The number of individuals paid benefits depends on determined eligibility.

<u>STATISTICS:</u>	<u>FY 1989</u>	<u>FY 1990</u>
Number of claims	263,000	238,500
Number of employer accounts	98,000	98,000
Number of appeals	13,000	14,000

<u>TRUST FUND:</u>	<u>FY 1989</u>	<u>FY 1990</u>
Balance forward	242,000	342,000
Taxes and interest collected	412,000	423,000
Benefits paid	<u>312,000</u>	<u>350,000</u>
Balance	342,000	415,000

PROSPECTS:

The Unemployment Insurance Program is limited in flexibility due to legislation and the terms of the federal grant which funds the program.

All unemployed workers have the right to file a claim for benefits, and by law, the Department will accept and process that claim.

There is a serious prospect for an economic downturn in the near future. That would result in greatly increased workload volumes. The federal administrative funds for the Unemployment Insurance Program would increase in response to those workloads. Administrative financing to process the increased workloads does not adequately pay the cost of the higher workloads. This situation is the result of federal manipulation of the Federal Unemployment Insurance Trust Fund. Minnesota employers are assessed a payroll tax to pay administrative expenses in the state. These funds are not adequately returned to the state as increased workloads require.

Uncertainty in the annual federal budget creation process presents difficulties in forecasting the Unemployment Insurance administrative allocation. In the long term, this will probably lead to removing the Federal Unemployment Trust Fund from the unified federal budget. This will remove that uncertainty.

PLAN:

State payroll taxes are used solely for payment of benefits. Federal payroll taxes support the administration of the Unemployment Insurance Program at both the federal and state levels.

No state appropriation is requested. Administration of the program is financed on a workload basis by the United States Department of Labor from funds collected through a federal unemployment payroll tax on private employers. Benefits are financed by a state unemployment insurance tax on private employers and reimbursement of costs from public and non-profit employers.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: JOBS & TRAINING
PROGRAM: UNEMPLOYMENT INSURANCE

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
UNEMPLOYMENT INSURANCE	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
TOTAL EXPENDITURES BY ACTIVITY	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
DETAIL BY CATEGORY:									
STATE OPERATIONS	39,365	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
AID TO INDIVIDUALS	284								
TOTAL EXPENDITURES BY CATEGORY	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
JOBS & TRAINING	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213
TOTAL FINANCING	39,649	35,575	36,263	34,063	34,063	34,063	35,213	35,213	35,213

Office of the Ombudsman for Mental Health and Mental Retardation

Position and Employee Status Information

Position Reconciliation:

Authority:	Current F.Y. 1991	Requested For 6-30-93
Legislative Complement:		
General Fund	19	19
Budgetary Authorized:		
General Fund	2	2
Total Permanent Positions	19	19
TOTAL Positions	<u>21</u>	<u>21</u>
Employees on 6-30-90	21	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	18
Full-Time Temporary	1
Part-Time Unlimited	1
Part-Time Temporary	<u>1</u>
TOTAL	21

AGENCY: Office of the Ombudsman for Mental Health and Mental Retardation **1992-93 Biennial Budget**

MISSION:

The Office of the Ombudsman for Mental Health and Mental Retardation (Ombudsman Office) is an independent agency created by Minnesota Statute 245.91. The Ombudsman Office works closely with public and private agencies, parents, guardians, consumers, advocates, and interested others in improving the standards of care, competence, efficiency, and justice for clients receiving services or treatment for mental illness, mental retardation or related condition, chemical dependency, or emotional disturbance. The Ombudsman Office endeavors to realize its mission through a variety of essential functions:

- receive and resolve complaints and provide mediation and advocacy services for clients;
- review the causes and circumstances of a serious injury or death of a client;
- conduct monitoring and evaluation of services and programs delivered to clients and, when indicated, recommend corrective action; and
- issue reports to the Governor and the public regarding the quality of services being provided clients.

The Ombudsman Office is organized on a regional basis with staff located throughout the state who are officed in each of the regional treatment centers. This organizational structure supports the Ombudsman Office in attaining the following mission-related objectives:

- to assure that the Ombudsman Office is accessible to clients and that all complaints are responded to in a timely fashion;
- to provide effective consultation to agencies on questions of client rights and the quality of care and treatment for clients in the state;
- to maximize the utilization of staff in a cost effective manner;
- to identify potential systems issues in the provision of services to clients in the mental health, mental retardation systems, and chemical dependency systems; and
- to improve the quality of care and treatment provided to clients in Minnesota.

Ombudsman Office performance can be measured by the following indicators:

1. The Ombudsman Office receives complaints from any source regarding the care and treatment of clients who are mentally ill, mentally regarded, chemically dependent, or emotionally disturbed. It is a goal of the Ombudsman Office to provide timely and effective advocacy and mediation services to clients and resolve complaints at the regional level.

Effectiveness Measures	Actual F.Y. 1989	Actual F.Y. 1990	Estimate F.Y. 1991	Estimate F.Y. 1992	Estimate F.Y. 1993
Total Number of Complaints	2,520	2,506	2,600	2,600	2,600
% Resolved at the Regional Level	N/A	78%	80%	82%	85%

2. The Ombudsman Office's medical review is designed to objectively and systematically monitor circumstances surrounding the death of a client. This monitoring provides an opportunity to evaluate the quality of care and make recommendations.

- The use of mortality data can identify cases of substandard care where death occurred as an unrelated factor. The substandard care may not have contributed to a death but through review, problems with quality of care are identified.
- The use of mortality data can identify unexpected and potentially preventable deaths.

Effectiveness Measures	Actual F.Y. 1989	Actual F.Y. 1990	Estimate F.Y. 1991	Estimate F.Y. 1992	Estimate F.Y. 1993
Number of episodes of review and evaluation	148	162	200	200	200

Number of recommendations	78	96	120	130	140
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3. The Ombudsman Office has determined that an ongoing process designed to objectively and systematically monitor incidents of serious injury can provide an opportunity to evaluate the quality of care provided to clients and thereby offer opportunities to make recommendations to improve the quality of such care.

Effectiveness Measures	Actual F.Y. 1989	Actual F.Y. 1990	Estimate F.Y. 1991	Estimate F.Y. 1992	Estimate F.Y. 1993
Total number of serious injuries	0	666	800	800	800
% of injuries reported within 24 hours	0	90	100	100	100

MAJOR POLICY DRIVERS:

Public policy in Minnesota, predicated on Minnesota statutes and rules, is to provide high quality services and programs to persons with mental illness, mental retardation, chemical dependency, and emotional disturbance in the community. The Ombudsman Office expects to see an increase in the number of community support programs in smaller, homelike facilities throughout the 1990s. Providing program evaluation and advocacy services and reviewing serious injuries and deaths of clients to assure that the highest attainable standards of care and treatment are achieved will become more challenging as more facilities are licensed. This challenge will require new strategies to address the following issues; (1)the increasing complexity of complaints brought to the Ombudsman as the mental health, mental retardation, and chemical dependency delivery systems change; (2)the increased time constraints on Ombudsman Office regional staff, i.e., the need to travel longer distances and yet to respond to both individual and systems issues in a timely manner; (3)the projected increase in the number of complaints and in-depth evaluations concerning quality of care in facilities; (4) the projected increase in the number of reported serious injuries and the length of time needed to provide a thorough review.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

Given projected increases in the cost of goods and services over the 1992-1993 biennium, the Ombudsman Office will evaluate its delivery of services to clients in the mental health, mental retardation and chemically dependent systems and, if needed, will develop and implement cost-effective modifications in the delivery of those services. The Ombudsman Office will evaluate:

- current staffing pattern as it relates to providing direct services to clients in the mental health, mental retardation and chemical dependency systems;
- shared service contracts with other agencies to maintain the cost of support services;
- factors associated with intensive focused system review and the cost benefits.

However, the Ombudsman Office has determined that none of its mission-related functions will be reduced.

Per the Biennial Budget instructions, salary projections for F.Y.'s 1992-93 assumed a 4.5% increase in each year of the biennium and no vacancies. The estimate is: F.Y. 1992-\$37,000; F.Y. 1993-\$75,000. Other costs were not inflated. To fund additional salary costs, the agency will: (1) reallocate 2 positions downward to save \$52,000; (2)end 2 mobility assignment obligations, thereby saving \$72,000

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: OMBDSMN FOR MH & MR
PROGRAM: OMBDSMN FOR MH & MR

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OMBDSMN FOR MH & MR	766	927	993	1,008	1,008	1,008	1,005	1,005	1,005
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	766	927	993	1,008	1,008	1,008	1,005	1,005	1,005
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	766	903	993	1,008	1,008	1,008	1,005	1,005	1,005
LOCAL ASSISTANCE		24							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	766	927	993	1,008	1,008	1,008	1,005	1,005	1,005
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	766	927	993	1,008	1,008	1,008	1,005	1,005	1,005
STATUTORY APPROPRIATIONS:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	766	927	993	1,008	1,008	1,008	1,005	1,005	1,005

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: OMBDSMN FOR MH & MR

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	993	993	993	993				
SALARY ANNUALIZATION	14	10	14	10				
DOCUMENTED RENT/LEASE INCR.	1	2	1	2				
TOTAL	1,008	1,005	1,008	1,005				
BIENNIAL TOTAL		2,013		2,013				

Council on American-Soviet Pacific Minnesotans
Position and Employee Status Information

Position Reconciliation:

Authority:	<u>Current F.Y. 1991</u>	<u>Requested For 6-30-93</u>
Legislative Complement: General Fund	3.0	3.0
Total Permanent Positions	3.0	3.0
TOTAL Positions	3.0	3.0
Employees on 6-30-90	3.0	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	3.0
TOTAL	3.0

MISSION:

The Council on Asian-Pacific Minnesotans is one of 4 minority councils created by the state legislature. In cooperation with local Asian-Pacific community leaders, other government agencies, voluntary organizations, and the private sector, the council develops and maintains an organized system of programs and services to fully represent the interests of all Asian-Pacific Minnesotans in the public and private sectors.

The council's primary concerns are to see that Asian-Pacific Minnesotans are more fully incorporated into the government and policy-making process, have better access to interact, and are utilized and promoted when their talents and resources are appropriate.

The council serves the following 28 Asian-Pacific communities: Afghanistan, Australia, Bangladesh, Bhutan, Brunei, Burma, China, Guam, Hmong, Hong Kong, India, Indonesia, Japan, Korea, Laos, Malaysia, Maoris, Mongolia, Nepal, Okinawa, Pakistan, Singapore, Sri Lanka, Taiwan, Thailand, Tibet, Tonga, Vietnam, and other ethnic groups.

The council is organized into 12 programmatic areas in order to achieve the following mission-related objectives:

1. Promote the continued expansion of international trade and commerce between Minnesota and Pacific Rim nations.
2. Expand and promote the understanding of Asian-Pacific cultures.
3. Initiate and assist the development of Asian-Pacific Community programs.
4. Provide leadership for the development of resources programs for Southeast Asian refugees.
5. Facilitate the development of Asian-Pacific health and human service programs.
6. Design the framework and provide assistance for Asian-Pacific leadership development programs.
7. Assist Asian-Pacific programs with fund development.
8. Provide resources and networking for the development of Asian-Pacific women's programs.
9. Design and maintain Asian-Pacific housing development programs.
10. Assure maximum coordination of legal assistance programs for the Asian-Pacific Community.
11. Maintain an organized system for Asian-Pacific employment counseling programs.
12. Provide leadership and resources for an Asian-Pacific legislative liaison program.

To fulfill its mission the council has the assistance of 15 members. Eleven (11) members are appointed by the Governor and are broadly representative of the Asian-Pacific community of the state. Two (2) members of the House of Representatives, appointed under the rules of the House of Representatives, and 2 members of the Senate, appointed under the rules of the Senate, serve as non-voting members of the council.

MAJOR POLICY DRIVERS:

The Asian-Pacific population of over 80,000, is the largest growing minority population in Minnesota. This ethnic community includes a southeast Asian refugee population of over 39,000. It has the highest percentage of non-English speaking and limited English proficiency of any minority com-

munity. In addition, there are over 8,000 Asian-Pacific adopted children in Minnesota. Resettlement of over 3,000 Amerasians during F.Y.s 1992-93 is anticipated.

The acculturation, social, and personal adjustment of Asian-Pacific immigrants and refugees in Minnesota requires advocacy; technical assistance; and resource allocation and financial benefits for human needs relative to employment, housing, health services, human services, education, transportation, vocational training and human rights.

The Asian-Pacific Rim countries are the strongest business partners of Minnesota in international trade and commerce, providing economic development and revenue generation programs in the areas of tourism, technology, agriculture, construction and technical assistance, joint ventures manufacturing, and market expansions. This international economic growth has required the council to serve as a "trade broker" to assist the Minnesota Department of Trade and Economic Development and the World Trade Center Corporation in providing a positive global marketing climate via the Asian-American Chamber of Commerce of Minnesota.

Due to the increased business activities between the Pacific Rim and Minnesota and the continued influx of southeast Asian refugees and Asian-Pacific immigrants to the state, there is a growing need for fostering cultural awareness and understanding between these 2 regions of the world. Consequently, the council needs to make a greater effort to train U.S. business executives regarding the culture of Asia and the Pacific; to sponsor trade and cultural missions between Asian-Pacific countries and Minnesota; to increase the enrollment of Asian-Pacific students in Minnesota educational institutions; to conduct trade and cultural forums, seminars, workshops, institutes and international conferences; and to provide research, information, and orientation relative to the Asian-Pacific culture, history, geography, philosophy, government, politics, religion, languages, arts, music, drama, customs, traditions, mores and values.

The Asian-Pacific Community encompasses a diverse set of people, cultures, and languages. The rate of acculturation for this population varies from individual to individual, creating a complex and varied set of needs. Because many in the Asian-Pacific Community are relatively new to the state and still unsure of their place within the new society, they are often wary or hesitant to use mainstream community centers. Such behavior contributes to an already isolated and excluded existence, and a lower quality of life. Consequently, there is a need for development of an Asian-Pacific Community Center.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

In F.Y.s 1992-93, it is anticipated that the council will give priority to the following major issues and tasks:

- employment assistance for refugees and new immigrants;
- housing assistance for refugees and new immigrants;
- aid in obtaining technical assistance, grants and start-up money for small businesses; and
- undertaking a feasibility study for development of an Asian-Pacific community center.

Per the Biennial Budget instructions, salary projections assumed a 4.5% increase in each year of the biennium and no vacancies. The estimated increases are: F.Y. 1992 - \$5,000; F.Y. 1993 - \$10,000. Other costs were not inflated. In order to fully fund salaries of the existing staff complement within the BASE funding level, small transfers have been made from non-salary accounts. This will enable the council to maintain the current level of operations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COUNCIL ON ASIAN-PACIFIC MINNESOTANS
PROGRAM: COUNCIL ON ASIAN-PACIFIC MINNESOTA

				FY 1992			FY 1993		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
COUNCIL ON ASIAN-PACIFIC MINNESOTA	171	259	202	204	204	204	203	203	203
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	171	259	202	204	204	204	203	203	203
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									

STATE OPERATIONS	171	250	202	204	204	204	203	203	203
AID TO INDIVIDUALS		9							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	171	259	202	204	204	204	203	203	203
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	155	152	163	165	165	165	164	164	164
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	16	107	39	39	39	39	39	39	39
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	171	259	202	204	204	204	203	203	203

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: COUNCIL ON ASIAN-PACIFIC MINNESOTANS

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	202	202	163	163	39	39		
SALARY ANNUALIZATION	2	1	2	1				
TOTAL	204	203	165	164	39	39		
BIENNIAL TOTAL		407		329		78		

BLACK MINNESOTANS, COUNCIL ON

Position and Employee Status Information

Position Reconciliation:

Authority:	<u>Current F.Y. 1991</u>	<u>Requested For 6-30-93</u>
Legislative Complement: General Fund	3.5	3.5
Employees on 6-30-90	2.5	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	2.5
TOTAL	2.5

MISSION:

To ensure that the needs of all individuals of African descent in Minnesota are clear to those who make decisions that impact the well being of African Americans, native Africans and all individuals of African descent in Minnesota (i.e., the Governor, legislators, Federal government, private organizations), by providing equal protection of the law and guaranteeing that this community receives and has access to state services and programs.

Programmatically, the Council on Black Minnesotans strives to address ongoing existing unmet issues in the State of Minnesota and new issues as they occur.

These mission-related objectives have been identified and are necessary to meet the goals of the Council:

1. advise the Governor and the legislature on the nature of the issues confronting African Americans and native Africans in this state;
2. advise the Governor and the legislature on statutes or rules necessary to ensure that African Americans and native Africans have access to benefits and services provided to people in this state;
3. recommend to the Governor and the legislature any revisions in the state's affirmative action program and other steps that are necessary to eliminate underutilization of African Americans and native Africans in the state's work force;
4. recommend to the Governor and the legislature legislation to improve the economic and social condition of African Americans and native Africans in this state;
5. serve as a conduit to state government for organizations of African Americans and native Africans in the state;
6. serve as a referral agency to assist African Americans and native Africans to secure access to state agencies and programs;
7. serve as a liaison with the federal government, local government units, and private organizations on matters relating to the African Americans and native Africans of this state;
8. perform or contract for the performance of studies designed to suggest solutions to problems of African Americans and native Africans in the areas of education, employment, human rights, health, housing, social welfare, and other related areas;
9. implement programs designed to solve problems of African Americans and native Africans when authorized by other statute, rule, or order;
10. review data provided by the commissioner of Human Services under Sec. 257.072, Sub. 5, and present recommendations on the out-of-home placement of African American and native African children; and
11. publicize the accomplishments of African Americans and native Africans and their contributions to this state.

MAJOR POLICY DRIVERS:

The Council on Black Minnesotans serves as a catalyst for the creation of innovative strategies for community activities, designed to prevent or effectively intervene, in areas affecting the African

American and native African community.

One third of African Americans now live in poverty and that percentage is growing. The rates of infant mortality and low birth weight is considerably higher than that of Whites. Poverty afflicts a large number of African American and native Africans and their children.

More males in the African American community are sent to jail than ever attend college. One in every 5 teenage girls gets pregnant. African Americans and native Africans need to achieve the hopes and dreams of all humanity: children free from hunger, decent homes, accessible medical care, a quality education, equal opportunity, a drug and crime-free environment, a world of international peace and security. Startling numbers of African American and native Africans continue to be trapped on the margins of society or mired in poverty.

Cases of sexually transmitted diseases have increased sharply. Homicide and Black-on-Black crime is a major concern. African American children are unfairly placed by counties who openly ignore the Minnesota Family Preservation Act and place children of African descent in White homes.

The homeless population in the state includes a large percentage of African American individuals and their numbers are increasing. Chemical dependency continues to increase, and children exposed before birth to chemicals and alcohol in this community are displaying health related symptoms. The rate of illiteracy continues. The rate of those who drop out of school in Minnesota has soared to 50% this year. Unemployment and underemployment have caused this community to examine the possibility of obtaining meaningful employment. Many have given up and the offspring repeat the dilemma.

Excess death in the African American and native African community is caused by homicide, smoking, and lack of health education in the community.

High quality child care which is appropriate and accessible has not been available to many of these families.

In spite of legislation that prevents racial discrimination, hate crimes have tripled over the past 7 years in this country, and incidents of racial discrimination in Minnesota have escalated. The media continues to paint a portrait of African Americans and native Africans that is negative, distorted and damaging. In an effort to prevent systemic racism, the Council interacts with the media to encourage responsible journalism.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

In fiscal years 1992-93 it is anticipated that the council will give priority to the following major issues and concerns:

- Health/AIDS Task Force: completion of and distribution of an AIDS educational video and manual.
- Address the increased numbers of children exposed to chemical dependency before birth and other displayed health-related symptoms.
- Monitoring the out-of-home placement of African American children and enforcement of already established legislation, with special emphasis on prevention of unnecessary disruption of families and strengthening the existing family unit.
- Establishment of a multi-jurisdictional task force to assess and address issues related to drugs, homicides, and gang violence as relates to the African American communities.
- Continue with our Crime Reduction and Community Empowerment Initiative: A community education program through the Office of Drug Policy.

■ Expansion of the council Board of Directors to more effectively serve the growing African American and native African communities in Minnesota.

- Address the increased population of native Africans in the state, i.e., legislative participation, economic concerns, parolee status of and assistance for Liberian refugees, etc.
- Address the growing rates of illiteracy, high school dropouts, and expulsions of African American adults and children.
- Through the council's Education Task Force, continued monitoring of recruitment and retention of African American students in Minnesota's university and college systems.
- Through interaction with the media, the council will continue to encourage responsible, balanced and positive journalism.

Without urgent action to reverse these major issues and concerns, both African Americans and native Africans will remain unhealthy, illiterate, unemployed, without hope, and with a distorted vision for the future.

Per the Biennial Budget instructions, salary projections assume a 4.5% increase in each year of the biennium and no vacancies. The estimated increases are: F.Y. 1992, \$6,000; F.Y. 1993, 12,000. Other costs were not inflated.

In order to fully fund salaries of the existing staff complement, within base funding levels, small transfers have been made from non-salary accounts. This will enable the council to marginally maintain the current level of operations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: COUNCIL ON BLACK MINNESOTANS
PROGRAM: COUNCIL ON BLACK MINNESOTANS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
COUNCIL ON BLACK MINNESOTANS	184	183	186	189	189	189	188	188	188
TOTAL EXPENDITURES BY ACTIVITY	184	183	186	189	189	189	188	188	188
DETAIL BY CATEGORY:									
STATE OPERATIONS	184	183	186	189	189	189	188	188	188
TOTAL EXPENDITURES BY CATEGORY	184	183	186	189	189	189	188	188	188
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	170	180	186	189	189	189	188	188	188
GIFTS AND DEPOSITS	14	3							
STATUTORY APPROPRIATIONS:									
TOTAL FINANCING	184	183	186	189	189	189	188	188	188

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: COUNCIL ON BLACK MINNESOTANS

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	186	186	186	186				
SALARY ANNUALIZATION	2	1	2	1				
DOCUMENTED RENT/LEASE INCR.	1	1	1	1				
TOTAL	189	188	189	188				
BIENNIAL TOTAL		377		377				

Council on Disability

Position and Employee Status Information

Position Reconciliation:

Authority:	Current F.Y. 1991	Requested For 6-30-93
Legislative Complement:		
General Fund	10.0	10.0
Total Permanent Positions	10.0	10.0
Other Complement (FTE)	<u>2.0</u>	<u>2.0</u>
TOTAL Positions	12.0	12.0
Employees on 6-30-90	11.0	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	10.0
Part-Time Temporary	1.0
TOTAL	<u>11.0</u>

MISSION:

The Minnesota State Council on Disability (MSCOD) is the primary public agency to recommend and advocate for programs and legislation that will improve the quality of life and promote the independence of persons with disabilities in Minnesota.

The agency strives to fulfill its mission through a combination of activities. The agency maintains an organized information and referral database for dissemination throughout the state, takes the lead in assuring improved physical and programmatic accessibility, and provides technical consultation. Careful research, community involvement, and interaction with other government agencies results in the development of position statements on the delivery of services to persons with disabilities.

The agency is divided into 5 programmatic groups: Information and Referral; Accessibility - with major emphasis on Access F.Y. 1992; Community programs; Research on issues and policies; and Administration. These groups address the following statewide mission related objectives.

- To identify existing services and resources for persons with disabilities.
- To make available to persons with disabilities and the public in general, information regarding community resources and services to persons with disabilities.
- To promote, support and assist in the development and expansion of maximum services provided by public and private agencies. To provide leadership during a time of changing roles and limited resources.
- To perform ombudsperson services for people who have physical disabilities.
- To research, formulate and advocate plans, programs, and policies which will advance the rights and independence of all of Minnesota's citizens with disabilities.
- To train, develop written materials and develop staff capability statewide on special issues, i.e., Americans with Disabilities Act, disability awareness, accessibility, and disabled parking.

The agency provides general supervision and oversight for the Governor's Advisory Council on Technology for People with Disabilities. Staff for this Council are housed with the State Planning Agency. Two state funded staff positions are included in the complement for MSCOD.

MAJOR POLICY DRIVERS:

The need for services to persons with disabilities is increasing with the growth in the overall population:

- Children are born daily with a broad range of disabilities.
- The aged population is living longer, increasing the need for nursing beds, Medical Assistance, etc.
- Accessibility into state, county and city facilities is not always possible. Special education students are restricted to certain school buildings. Many voting locations are not accessible.
- Public transportation is not accessible to all of our citizens. A majority of public buses do not have lifts and the first step may be 12-20 inches high.
- Deinstitutionalization is still in process in Minnesota, at a very slow rate. There are very few continuing services available in private residential communities. The financial status of many providers requires that the state maintain some capacity to be a provider of last resort throughout

- There is a great demand for mental health services. Services are extremely weak statewide. Such services for children are practically non-existent. It has been estimated that 60% of the homeless have some degree of mental health problems. Add the children born to this population and the level increases very quickly.

- Minnesota needs an update of the incidence numbers and locations of persons with disabilities, statewide. This update could be accomplished in cooperation with Courage Center. The last time a survey for/on the disabled took place was 14 years ago.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The agency's Strategic Planning Committee, through public hearings, contacts with persons with disabilities and with organizations, is developing a five-year plan to achieve goals which will ensure the right to equality of persons with disabilities.

The agency will develop a full statewide campaign to educate consumers, employers and others about the Americans with Disabilities Act. The agency's Strategic Planning Committee, is developing a five-year plan to achieve goals which will ensure the right to equality of persons with disabilities, through public hearings, contacts with persons with disabilities and with organizations interested in this population. The agency is supplying training and technical assistance in accessibility and disability awareness statewide. Currently, the agency is working with the Department of Education, in their survey of 434 school district accessibility problems.

The Access F.Y. 1992 program was designed to ensure a barrier-free environment by making all state-owned buildings, facilities and properties architecturally accessible. An initial, but somewhat, limited survey was conducted in F.Y. 1984 that projected \$28 million would be needed to eliminate these barriers. Over the past 7 years the legislature has appropriated approximately \$7 million towards this goal. During the F.Y. 1989 legislative session, the legislature asked the agency to develop a new, more comprehensive survey tool. Currently, this survey tool is being used to assess the present condition of all state-owned properties and buildings, campgrounds, parks, historical sites, etc. Once these surveys have been completed, the data will be compiled and analyzed to determine a more accurate dollar amount needed to establish full accessibility. This report will be given to the Legislature by 2-15-91 with prioritizing and implementation efforts beginning shortly thereafter.

By F.Y. 1994-95 the Minnesota State Council on Disability will have outlined the major voids in needed delivery systems to disabled persons - with special emphasis on services for children and seniors with disabilities as well as service for severely disabled persons. The three regional councils established in F.Y. 1991-92 and expanded to 11 in F.Y. 1993 are volunteer in nature, but regional in application, utilizing governmental agencies already in place. Establishment of services in the F.Y. 1994-95 time period would be in connection with that concept. No services should be more than 30 miles from residence, not 100 miles, as is a reality for many services today!

The agency exists to address the needs of people with physical, sensory, mental and emotional disabilities, especially focusing on those issues that are of shared concern to several disability groups. This year we have started coordinating, planning, advocating and assessing current services for the state's disabled population, in accordance with Minnesota Statute. We are focusing on out-state services, disabled children services, accessibility, disability rights, education - voids, etc.

Per the Biennial Budget instructions, salary projections for F.Y. 1992-93 assumed a 4.5% increase in each year of the biennium and no vacancies. The estimated increases are: F.Y. 1992 - \$16,000; F.Y. 1993 - \$32,000. Other costs were not inflated. With base level funding, reallocations will be made to enable the agency to fulfill its obligations. A total of \$19,000 in F.Y. 1992 and a total of \$30,000 in F.Y. 1993 will be reallocated from non-salary accounts in order to maintain existing complement.

For F.Y. 1992, the impact of base-level funding would be: 1) The agency newsletter would be cut from 6 to 4 issues, resulting in a reduction of information available to Minnesotans with disabilities; 2) meetings of Council working committees would be reduced, resulting in a lessened ability to work to improve lives of persons with disabilities; 3) out of state travel would be reduced, hindering our ability to exchange ideas and information with advocates around the country; 4) the information booth at the State Fair would have to be discontinued, resulting in reduced disability information provided to individuals, particularly those from Greater Minnesota; 5) reduction in printing and postage would impair our ability to produce and distribute written materials of importance to persons with disabilities.

For F.Y. 1993, the impact of the agency's BASE-level funding would be, in addition to the above reductions: 1) A reduced number of Council Meetings, resulting in less policy direction for the agency; 2) elimination of all travel outside of Minnesota, severely restricting our ability to exchange ideas and information with advocates around the country; 3) voluntary reduction of 4 days without pay for all staff, resulting in substantial reduction in the Council's ability to affect issues that are critical for persons with disabilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CNCL ON DISABILITY
PROGRAM: CNCL ON DISABILITY

				FY 1992			FY 1993		
			Est.	Adjusted	Agency	Governor	Adjusted	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Base	Plan	Recomm.	Base	Plan	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CNCL ON DISABILITY	513	518	545	552	552	552	551	551	551
GENERAL ASSISTANCE CON PROYECT	38								
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	551	518	545	552	552	552	551	551	551
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	501	468	495	502	502	502	501	501	501
LOCAL ASSISTANCE	50	50	50	50	50	50	50	50	50
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	551	518	545	552	552	552	551	551	551
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	502	516	545	552	552	552	551	551	551
STATUTORY APPROPRIATIONS:									
GENERAL	38								
FEDERAL	1								
GIFTS AND DEPOSITS	10	2							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	551	518	545	552	552	552	551	551	551

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: CNCL ON DISABILITY

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	545	545	545	545				
SALARY ANNUALIZATION	6	5	6	5				
DOCUMENTED RENT/LEASE INCR.	1	1	1	1				
TOTAL	552	551	552	551				
BIENNIAL TOTAL		1,103		1,103				

Indian Affairs Council

Position and Employee Status Information

Position Reconciliation:

Authority:	Current <u>F.Y. 1991</u>	Requested <u>For 6-30-93</u>
Legislative Complement:		
General Fund	6.0	6.0
Special Revenue	1.0	1.0
Federal	<u>1.0</u>	<u>1.0</u>
Total Permanent Positions	8.0	8.0
TOTAL Positions	<u>8.0</u>	<u>8.0</u>
Employees on 6-30-90	5.0	

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	5.0
TOTAL	<u>5.0</u>

MISSION:

The Minnesota Indian Affairs Council (MIAC) is the official liaison between state and tribal governments and advisor to the state on urban Indian issues and concerns.

Created by the Legislature in 1963, the mission of the council as mandated in statute is broad in scope but focused in its total support of tribal government operations and the continued identification of issues and concerns that impact the American Indian population throughout the state. These issues include the areas of health, education, welfare and other public support, housing, economic development, protection of the environment, and protection of tribal rights.

The council consists of the elected tribal chair of the 11 reservations throughout the state, and 2 at large members elected by federally recognized tribal members of tribes outside of the state of Minnesota. The council also has an urban Indian advisory committee. The urban Indian advisory committee consists of 2 representatives from Minneapolis, 2 representatives from St. Paul, and 1 representative from Duluth.

The council, under the direct advisement of the elected representatives, addresses its mission through varied activities which include research, policy and resource development, technical assistance, introduction of legislative initiatives, and direct program and fiscal management of the agency. Currently, the council's responsibilities include administration and direct program responsibilities for the following: 1) Indian Business Loan Program; 2) Indian Burial Program; 3) Indian Reburial Program; and 4) Battle Point Project. The council also has interagency agreements with the Department of Jobs and Training for the provision of technical assistance to tribes through an Indian Economic Opportunity Program, and with the Department of Human Services to research and report on the feasibility of an Indian adolescent chemical dependency treatment program.

The legislative mission related objectives are as follows:

- clarify for the legislature and state agencies the nature of tribal governments and the relationship of tribal governments to the Indian people of Minnesota;
- make recommendations to members of the legislature on desired and needed legislation to benefit the statewide Indian community and communicate to the members of the legislature when legislation has or will have an adverse effect on the statewide Indian population;
- assist in establishing Indian advisory councils in cooperation with state agencies that deliver services to the Indian community;
- interact with private organizations in developing and implementing programs to assist Indian people, as these programs affect state agencies and departments;
- provide information for and direction to a program to assist Indian citizens to assume all the rights, privileges, and duties of citizenship, and coordinate and cooperate with local, state, and national private agencies providing services to the Indian people;
- develop educational programs, community organization programs, leadership development programs, motivational programs, and business development programs for Indian persons who have been, are, or will be subject to prejudice and discrimination;
- cooperate and consult with appropriate commissioners and agencies to develop plans and programs to most effectively serve the needs of Indians throughout the state.

MAJOR POLICY DRIVERS:

The state of Minnesota has the 12th largest American Indian population in the country. In 1980, the American Indian population was 34,831, less than 1% of Minnesota's total population. This was a time when the American Indian population became more urban. Approximately 58% of the population resided in urban areas, as opposed to the 11 reservation areas throughout the state. The estimated 1985 population suggests a growth of 15 to 20% to a total of 40,200 to 42,100.

The demographic indicators of the American Indian population in the state of Minnesota are similar to those throughout the country. American Indians have the lowest life expectancy of any group in the United States. They also experience high rates of unemployment, and lower income, housing and educational attainment.

- In the state of Minnesota, the average life expectancy for American Indians is 6 years less than that of the White population.
- American Indians have the youngest population with the highest birth rate.
- The median age of American Indians is 19.9, years compared to 29.6 years for Whites.
- The birth rate for American Indian women between the ages of 14-44 is 136.2 per thousand compared to 66.9 per thousand for White women.
- The infant mortality rate for American Indians is 10.4 deaths per thousand compared to 7.2 deaths per thousand for Whites.
- The percent of unwed pregnancies for American Indians is 68%, compared to 14.8% for Whites.
- The teen pregnancy rate for American Indians is 49%, compared to 13.4% for Whites.
- Accidents are the leading cause of death for American Indians between 1-44 years of age. Cirrhosis of the liver is the second leading cause of death among American Indian women.
- 30.1% of the American Indian population is below poverty level income compared to 8.9% for Whites.
- 8.1% of total AFDC clients are American Indian, even though their share of the total state population is less than 1%.
- The unemployment rate of American Indian males and females is 3 to 4 times higher than that of Whites.
- Only 48% of American Indians own their homes, compared to 80.2% for Whites.
- 55% of American Indian adults are high school graduates, a rate 18% lower than the state's general population.

The demographic indicators of American Indians and the development of policy in the state of Minnesota is also affected by the unique political relationship that governs the lives of American Indians. No other group in the United States is governed and regulated by over 10,000 treaties, agreements, and court decisions.

Throughout these treaties, agreements, and court decisions, tribes have retained their authority to regulate reservation activities and the conduct of their tribal members. Indian tribes have the power to make their own laws governing internal matters and to enforce them in their own courts. These powers are the same general powers that the federal and state government use to regulate their internal affairs.

This government to government relationship is recognized by the state in entering into agreements with tribal governments and therefore becomes the major policy driver for policy information and development of legislative initiatives specifically identified for Indian tribes and their members.

The state has the responsibility to uphold federal Indian affairs policies and to further the development of those policies and programs at the state level. M.S. 16B.06, Subd. 6 provides as follows: **Notwithstanding any other law, the state may not require an Indian tribe or band to deny their sovereignty as a requirement or condition of a contract with the state or an agency of the state.**

Furthermore, Indians are entitled to the same benefits and privileges of other state citizens. Therefore, this very unique relationship between the tribal governments and state government has created a relationship through contracts and agreements to develop and deliver programs and services that will address the needs of Indian people throughout the state.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The council, in meeting its overall mission, has determined that existing program operations will remain at the BASE level for F.Y. 1992-93.

Per the Biennial Budget instructions, salary projections assume a 5.0% increase in each year of the biennium and no vacancies. The estimated increases are: F.Y. 1992, \$11,900; F.Y. 1993, \$24,300. Other costs were not inflated.

In order to fund anticipated F.Y.s 1992-93 salary and inflation cost increases the council intends to take the following steps:

- 1992: Reduce consultant's costs from \$65,000 to \$11,000.
This savings will be used to fund salary and inflation increases, and currently vacant positions. This will eliminate the need for most consulting services.
- 1993: Further reduce consultant's expense to \$6,000 and professional technical services from \$15,000 to \$7,000. This reflects an anticipated reduction in technical services related to Indian burial grounds. If burial grounds costs exceed the amounts budgeted, the council will hold a position vacant for part of F.Y. 1993 and apply the savings to burial activity.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.



**State of Minnesota
Department of Finance**

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
(612) 296-5900

May 9, 1991

To: Senator Gene Merriam, Chairman
Senate Finance Committee

Representative Wayne Simoneau, Chairman
House Appropriations Committee

Fr: John Gunyou *JK*
Commissioner of Finance

Re: Error in the Governor's 1992-93 Biennial Budget Recommendation - Change Order # 7

We have identified the following error in the Governor's Budget Recommendations for the Indian Affairs Council - page 272:

In the "Sources of Funds" section, the \$90,000 base amount for each fiscal year shown as "Statutory Appropriation - General" should have been included under "Direct Appropriations - General."

This error results in a direct appropriation request for each fiscal year which is \$90,000 less than required to support base activities of the Agency--specifically, the Indian Reburial Program (Laws of 1990, Ch. 565, Sec. 18). Our staff incorrectly understood that this appropriation was based on specific statutory language.

The increase of \$180,000 for the biennium is more than offset by earlier reductions in the Governor's recommendations for other Human Development programs.

cc: Governor Carlson
Lieutenant Governor Dyrstad
Senator Roger Moe
Representative Robert Vanasek
Representative Terry Dempsey
Senator Duane Benson
Senate and House Division Chairs
Senior I.R. House and Senate Members
Lyll Schwarzkopf
Patsy Randell
David Doth
Dick Pfutzenreuter
Peggy Ingison
Team Leaders
Executive Budget Officers
Jean Danaher
Dan Wolf
Roger Head

1992-1993 B I E E A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: INDIAN AFFAIRS COUNCIL
PROGRAM: INDIAN AFFAIRS COUNCIL

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
INDIAN AFFAIRS COUNCIL	357	397	438	419	419	419	418	418	418
INDIAN BUSINESS LOANS	183	219	205	205	205	205	205	205	205
REBURIAL OF INDIAN REMAINS			90	90	90	90	90	90	90
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	540	616	733	714	714	714	713	713	713
DETAIL BY CATEGORY:									
STATE OPERATIONS	540	605	711	694	694	694	693	693	693
LOCAL ASSISTANCE		11							
AID TO INDIVIDUALS			22	20	20	20	20	20	20
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	540	616	733	714	714	714	713	713	713
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	317	319	338	342	342	342	341	341	341
STATUTORY APPROPRIATIONS:									
GENERAL			90	90	90	90	90	90	90
SPECIAL REVENUE	183	219	205	205	205	205	205	205	205
FEDERAL	40	58	78	57	57	57	57	57	57
GIFTS AND DEPOSITS		20	22	20	20	20	20	20	20
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	540	616	733	714	714	714	713	713	713

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: INDIAN AFFAIRS COUNCIL

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	733	733	428	428	227	227	78	78
SALARY ANNUALIZATION	3	2	3	2				
DOCUMENTED RENT/LEASE INCR.	1	1	1	1				
FEDERAL RECEIPTS	<23>	<23>			<2>	<2>	<21>	<21>
TOTAL	714	713	432	431	225	225	57	57
BIENNIAL TOTAL		1,427		863		450		114

Spanish Speaking Affairs Council
Position and Employee Status Information

Position Reconciliation:	Current <u>F.Y. 1991</u>	Requested <u>For 6-30-93</u>	Employees by Employment Status:	<u>6-30-90</u>
Authority:				
Legislative Complement:			Full-Time Unlimited	3.0
General Fund	4.0	4.0		
Total Permanent Positions	4.0	4.0	TOTAL	<u>3.0</u>
 TOTAL Positions	 <u>4.0</u>	 <u>4.0</u>		
 Employees on 6-30-90	 3.0			

MISSION:

The state Spanish Speaking Affairs Council advises the governor and the legislature on the nature of the issues and concerns affecting Spanish speaking people, including the unique problems encountered by Spanish speaking migrant agricultural workers. The council consists of 7 members appointed by the Governor.

The council recommends legislation, serves as a conduit to state government, acts as a referral agency, serves as a liaison with other units of government, performs studies and implements programs designed to benefit the Hispanic community.

The council is divided into 5 program areas. These areas are: legislative, community and governmental liaison, communications and public information, research development, and leadership development.

The following objectives provide a focus for the council's work. Results attained during the past 2 years are briefly described after each objective:

1. Develop and/or promote the passage of legislation designed to improve the socio-economic, health and educational status of Minnesota Hispanic community and Spanish speaking migrant workers.
 - Requested funding to create research unit, community liaison unit, and AIDS education and risk reduction project. The research unit was funded through a state appropriation. The community liaison unit was not funded. The AIDS project was funded through outside sources (state Department of Health and Midwest Hispanic AIDS Coalition).
 - Supported state funding request for Minnesota Hispanic Education Program to assist Hispanics interested in obtaining a postsecondary education.
2. Increase participation of Hispanics in public employment and training programs and increase the employment of Hispanics in state service.
 - Worked to insure development of LEAP program for Hispanics. LEAP is an apprenticeship program funded through state and private dollars. The program's objective is to provide specialized training to low income individuals.
 - Conducted study of Hispanic underemployment in state government. A 14-point plan for achieving parity for Hispanics in state employment was developed and presented to the Governor and legislature.
3. Increase the number of Hispanics appointed to boards and commissions, councils and other advisory bodies.
 - The council is continually asked to appoint or recommend council and Hispanic representatives for task forces, councils and advisory bodies. The council relies heavily on community members to serve on these groups.
 - Recommended and supported Hispanics for appointment to state, county, and federal boards and commissions.
4. Provide information on state services, public policy issues and other pertinent information so that additional programs to assist the Hispanic community can be implemented.
 - Published AL DIA (council's newsletter: 1,000 copies monthly), presented information through community paper, Visiones de la Raza (circulation: 8,000 monthly), developed cable show for

council to inform community of issues, and participated in community radio program. Awareness of the council's activities has led to increased interest and involvement from the community.

- Co-sponsored conferences with community organizations on such issues as chemical dependency among women of color, AIDS awareness, education of Hispanics, and the census.
 - Undertook speaking engagements on issues related to Hispanics: employment, education, migrants, health, history, housing, census, human rights, and social welfare. This increases awareness among policy makers and funding sources. The end result is funding of projects developed to address specific issues and needs of the Hispanic community.
5. Increase Hispanic involvement in the determination of public policy.
 - Involvement by members of the Hispanic community was expanded through appointment to council advisory committees.
 - Developed leadership program to empower Hispanics at local levels throughout state to address issues important to local Hispanic communities. This creates a much needed voice for the council to develop its program of work and public policy research and advocacy.

MAJOR POLICY DRIVERS:

Hispanics have been arriving in Minnesota since the 1800s. Currently, an estimated 69,000 live in the state (70% live in the metro area). The influx of migrants (and those resettling in Minnesota) and other groups from South and Central America and the Caribbean have brought new needs and expectations. The largest group in Minnesota is still those of Mexican-American descent who comprise approximately 64% of the Hispanic population.

There is considerable concern about these new arrivals and their needs. The communities affected (Crookston, Willmar, Blooming Prairie, Moorhead) have not been well prepared for this large influx and considerable problems have occurred. Long suppressed animosities and fears have governed people's actions. Tensions between the new arrivals and the other residents have increased dramatically. Present trends indicate that this resettlement (especially of migrants) will continue (Northfield and Faribault have an influx of approximately 75 Hispanic families).

The council has been actively involved in providing assistance to these communities in addressing the concerns of existing residents and at the same time helping the new residents establish their new homes. However, with limited staff and resources, the council has been hard pressed to serve as liaison between the non-Hispanic and migrant/Hispanic communities.

The growing number of Hispanics in the state has created the following major needs:

1. The council is limited in the amount of outreach activity it can engage in due to staff limitations and resource constraints. Outreach efforts within the Twin Cities are not the problem. The council would like to provide more outreach activities such as monthly visits by staff to communities around the state.
2. Human rights violations around the state against Hispanics are a concern of the council. Many violations go unreported for fear of reprisal, either through job loss or inability to retain housing. The number of complaints from Hispanics in the outstate area place a heavy workload on the one Hispanic in the mobile unit at the Department of Human Rights and on the other Hispanic staff member of the Department.
3. The influx of Hispanics has also created problems with housing. Some of these problems reflect discrimination; others reflect a lack of adequate living conditions. A systematic assessment of housing conditions has not been conducted by either the council or other agencies.
4. Child care is an important concern in the Hispanic community. The majority of Hispanic

households (77%) are headed by married couples. Households headed by single parents comprise the other 23%. The average Hispanic family consists of 3.64 persons, compared to 3.29 per non-Hispanic family. Combine these figures with a poverty level of 18% and low income jobs, and the cost of child care may be out of reach or unavailable to many families.

5. Bilingual services in the outstate areas of Minnesota are not always available or are non-existent. Bilingual services are needed to provide assistance in securing housing, jobs, social services, medical and other services.
6. Hispanics do not always have someone to turn to who can help them through the many agencies and steps necessary to secure services. This problem is acute in the outstate areas of Minnesota. Hispanic agencies exist in the metro area and serve in the capacity of community liaisons. The need for community liaisons in the outstate areas is great.
7. The council's role in providing statewide advocacy and information is crucial to its mission. The problems and issues outlined above will not go away overnight. The council will continue to meet its responsibilities. However, staff and resources fall short in meeting the projected needs of the Hispanic community in Minnesota.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The following major issues will be addressed by the council during F.Y.s 1992-93:

- Community liaison/advocate outreach;
- Migrants;
- Studies on some of the following topics: needs assessment of the Hispanic Community in Minnesota; the education of the Hispanic in Minnesota; documented and undocumented Hispanic people in Minnesota; Hispanic women and families; Minnesota trade efforts in Latin America; and
- Youth involvement in the community.

A recent change in staff leadership has delayed a complete review of all possible issues the council will address.

Per the Biennial Budget instructions, salary projections assume a 4.5% increase in each year of the biennium and no vacancies. The estimated increases are: F.Y. 1992, \$6,000; F.Y. 1993, \$13,000. Other costs were not inflated.

The council will be able to undertake its F.Y.s 1992-93 work plan within current BASE level funding resources, without changes in staffing or current responsibilities.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SPANISH SPEAKING AFFAIRS COUNCIL
PROGRAM: SPANISH-SPEAKING AFFAIRS CNCL

				FY 1992			FY 1993		
			Est.						
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SPANISH-SPEAKING AFFAIRS CNCL	302	383	205	207	207	207	207	207	207
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	302	383	205	207	207	207	207	207	207
=====									
DETAIL BY CATEGORY:									

STATE OPERATIONS	212	292	205	207	207	207	207	207	207
LOCAL ASSISTANCE	90	91							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	302	383	205	207	207	207	207	207	207
=====									
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
GENERAL	182	200	205	207	207	207	207	207	207
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS	120	183							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	302	383	205	207	207	207	207	207	207

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: SPANISH SPEAKING AFFAIRS COUNCIL

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	205	205	205	205				
SALARY ANNUALIZATION	2	2	2	2				
TOTAL	207	207	207	207				
BIENNIAL TOTAL		414		414				

Telecommunications Access for Communication-Impaired Persons (TACIP) Board

Position and Employee Status Information

Position Reconciliation:

Authority:	Current <u>F.Y. 1991</u>	Requested <u>For 6-30-93</u>
Legislative Complement:		
Special Revenue	1.0	1.0
Total Permanent Positions	1.0	1.0
Other Complement (FTE)	<u>-0-</u>	<u>-0-</u>
TOTAL Positions	1.0	1.0

Employees
on 6-30-90

1.0

Employees by Employment Status:

	<u>6-30-90</u>
Full-Time Unlimited	1.0
TOTAL	<u>1.0</u>

MISSION:

The mission of the Telecommunications Access for Communication-Impaired Persons (TACIP) Board is to enhance accessibility to the telecommunications network for Minnesotans with hearing and/or speech impairments. In cooperation with other governmental agencies, telephone companies, and voluntary organizations, the TACIP Board assumes the lead role in resolving telecommunications issues affecting communication-impaired citizens.

The board strives to fulfill its mission through establishment and administration of a program to distribute communication devices to eligible communication-impaired persons and through creation and maintenance of a state-wide relay service designed to enhance communication between Telecommunications Device for the Deaf (TDD) users and hearing callers.

The mission-related objectives are:

- to maintain an organized and coordinated system of quality assurance which is effective in promoting full access to the telecommunications network
- to provide leadership in addressing telecommunications needs of individuals with communication impairments, and
- to promote development of new technology in the area of telecommunications designed to enhance greater access

MAJOR POLICY DRIVERS:

Public Law 101-33 (Americans with Disabilities Act of 1990) is an act to establish a clear and comprehensive prohibition of discrimination on the basis of disability. Title IV of this law requires each state to develop and maintain a certified 24-hour/7 days per week intrastate telecommunications relay service for hearing-impaired and speech impaired individuals, and to charge rates to users of the service no greater than the rates paid for functionally equivalent voice communication services with respect to such factors as the duration of the calls, the time of day, and the distance from point of origination to point of termination. In addition, relay operators are prohibited from intentionally altering a relayed conversation and from disclosing the content of any relayed conversation. Each state is to submit documentation of the procedures and remedies available for enforcing any requirements imposed by the State program.

The contract for the Minnesota Relay Service was awarded to the Deafness, Education and Advocacy Foundation, Inc. of St. Paul. The service made its debut on 3-1-89. A total of 15,647 service requests were handled during the first month of service. The demand for relay service far exceeded projections made by a study firm back in 1988 as 25,597 requests were fulfilled during the month of June 1989. It continued to grow month by month all the way up to 42,641 for the month of August 1990. This required installation of additional equipment and expansion of staff from time to time. The annual number of service requests is expected to increase from the current level of 576,000 to 692,680 for the F.Y. 1992 and to 779,265 for the F.Y. 1993.

The TACIP Board has an interagency agreement with the Deaf Services Division of the Minnesota Department of Human Services to develop and maintain an Equipment Distribution Program. The distribution of telecommunications equipment was made available to communication-impaired persons residing in the southeastern region in the fall of 1988 and to the rest of the state by the end of 1988. The program served 3,141 households, involving 3,571 communication-impaired individuals from September 1988 through August 1990. A total of 5,003 telecommunications devices, including telephone ring signaling devices, were distributed to eligible applicants during that span. Initially, the eligible recipients were primarily deaf who applied to a TDD on a free loan basis. As a result of ongoing promotional activities in all regions of the state of Minnesota, there has been an increasing number of hard of hearing individuals applying for amplifiers and signaling devices.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

There will be a coordinated effort to promote the Minnesota Relay Service throughout the state of Minnesota as reports received to date show that 85% of the telecommunications relay service requests have originated from the Greater Minneapolis-St. Paul Metro area. This promotional activity will include both the description of the service itself and "how to effectively utilize the service" and will concentrate primarily on potential users from the Greater Minnesota area.

The TACIP Board, in cooperation with the Public Utilities Commission and the provider of the relay service, will be focusing on the Public Law 101-336 directives relating to telecommunications relay service for hearing-impaired and speech-impaired persons to ensure compliance with the FCC regulations that will be in effect on or before 7-26-91.

One of the strategies of the Equipment Distribution Program is to reach out to senior citizens who have been experiencing a gradual loss of hearing and may be on limited income. This population groups is increasing year by year, mainly due to greater longevity and to better medical care. The program staff will implement a plan to promote the availability of special telecommunications devices to individuals within the aging network and to residents of specialized facilities, such as nursing homes, retirement centers, and home for the aging. The ultimate objective is to enable these citizens to remain a vital part of the world of communication through the assistance of special telecommunications devices.

The projected carryover of funds from F.Y. 1991 and earnings from investments of carryover funds will be utilized to supplement the projected revenues from a monthly surcharge of 10¢ per customer access line during F.Y. 1992 and 1993 to cover the cost of maintaining the Equipment Distribution Program at the current level and to allow for limited expansion of the Minnesota Relay Service in order to comply with the intent of Public Law 101-336.

No legislative change will be proposed at this time. The TACIP Board hopes to acquire sufficient experience by the end of C.Y. 1992 to help decide what to propose in the final report to the Public Utilities Commission that may be appropriate to meet the telecommunications needs of communication-impaired persons for the period beyond 6-30-93 for consideration by the Commission and the State Legislature.

	Allocations by Agency (Dollars in Thousands)		
	F.Y. 1991	F.Y. 1992	F.Y. 1993
Distribution of Telecommunications and Signaling Devices	\$ 835	\$ 835	\$ 835
Relay Service	1,996	2,360	2,659
TACIP Administration	140	123	129
Total	\$2,971	\$3,318	\$3,623

The projected revenue will be as follows:

Type of Revenue	Projected F.Y. 1991	Estimate F.Y. 1992	Estimate F.Y. 1993
	F.Y. 1991	F.Y. 1992	F.Y. 1993
Carryover Funds	\$ 266	\$ 593	\$ 924
Dedicated-Special	2,561	2,600	2,639
Interest	144	125	60
Total Revenue	\$2,971	\$3,318	\$3,623

Note: The carryover funds as illustrated above are based on the carryover of \$1,783,000 for F.Y. 1990.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: TELECOMM ACCESS COMM IMPAIRED PERSONS BD
PROGRAM: TELECOMM ACCESS FOR COMM IMPAIRED

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TELECOMM ACCESS FOR COMM IMPAIRED	2,049	2,073	2,971	3,318	3,318	3,318	3,623	3,623	3,623
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	2,049	2,073	2,971	3,318	3,318	3,318	3,623	3,623	3,623
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	1,970	2,008	2,971	3,295	3,295	3,295	3,596	3,596	3,596
LOCAL ASSISTANCE	79	65		23	23	23	27	27	27
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	2,049	2,073	2,971	3,318	3,318	3,318	3,623	3,623	3,623
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	2,049	2,073	2,971	3,318	3,318	3,318	3,623	3,623	3,623
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,049	2,073	2,971	3,318	3,318	3,318	3,623	3,623	3,623

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: TELECOMM ACCESS COMM IMPAIRED PERSONS BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	2,971	2,971			2,971	2,971		
BASE TECHNICAL ADJUSTMENTS	347	652			347	652		
TOTAL	3,318	3,623			3,318	3,623		
BIENNIAL TOTAL		6,941				6,941		

AGENCY: Chiropractic Examiners, Board of

1992-93 Biennial Budget

MISSION:

The Minnesota Board of Chiropractic Examiners (MBCE) protects the public's interest by enforcing the Chiropractic Practice Act M.S. 148.01 to 148.106.

The department strives to fulfill its mission through thorough examination of applicants for licensure to ensure competency, investigation of complaints brought against licensed doctors, administration of a peer review system and administrative interpretation of statutory language. The MBCE responds to new needs through the promulgation of administrative rules or, where necessary, support of new legislation.

MAJOR POLICY DRIVERS:

As the practice of chiropractic changes due to the dynamic increase in knowledge and changes in technology, the professionals will need guidance in how these changes fit within the statutory guidelines. The public must be protected from the use of unproven techniques and methods but must not be denied access to new and improved procedures. The MBCE must actively adjust its examination as well as administrative rules to adequately deal with this changing balance.

The increases in the costs associated with health as well as the constant change in policies of third-party pay groups is creating an ever-growing burden on the public as well as confusion on the part of both patients and professionals. The MBCE is striving to provide efficient, objective answers to questions and expressed concerns from the public, doctors of chiropractic, and insurers. The MBCE is enforcing current statutory guidelines on professional and reasonable business practices, as well as identifying changes which must be made in administrative rules and statute to adequately address new needs.

As an agency fully funded by fees collected from the users of its services, the MBCE has reviewed fees to ensure that fees collected cover costs of services. As the demands on the MBCE increase, so will the fiscal requirements.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The MBCE has recently finished an extensive fee review and adjusted fees to meet current and projected budgetary needs. As a self funded agency, we will continue to monitor our fees to ensure that they cover costs. With plans to stem the need for staffing increases through the appropriate implementation of a computer system as well as constant cost containment, the MBCE will stay with the proposed budget.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: CHIROPRACTIC EXAM BD
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF CHIROPRACTORS	172	280	282	286	294	294	286	302	302
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	172	280	282	286	294	294	286	302	302
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	172	280	282	286	294	294	286	302	302
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	172	280	282	286	294	294	286	302	302
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	165								
STATE GOVT SPEC REV		273	271	275	283	283	275	291	291
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	7								
STATE GOVT SPEC REV		7	11	11	11	11	11	11	11
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	172	280	282	286	294	294	286	302	302

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: CHIROPRACTIC EXAM BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	282	282			282	282		
SALARY ANNUALIZATION	3	2			3	2		
DOCUMENTED RENT/LEASE INCR.	1	2			1	2		
TOTAL	286	286			286	286		
BIENNIAL TOTAL		572				572		

DECISION ITEM: Salary Increases

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	

AGENCY PLAN:

Expenditures

Special Revenue	\$	8	\$	16	\$	16	\$	16
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Revenues

Special Revenue	\$	11	\$	21	\$	32	\$	42
-----------------	----	----	----	----	----	----	----	----

GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$	8	\$	16	\$	16	\$	16
-----------------	----	---	----	----	----	----	----	----

Revenues

Special Revenue	\$	11	\$	21	\$	32	\$	42
-----------------	----	----	----	----	----	----	----	----

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This decision item request is being made because the current base does not accommodate salary increases anticipated due to bargaining unit contract negotiations.

The increase in revenues is a result of newly licensed chiropractors paying the annual renewal fee.

RATIONALE:

The Minnesota Board of Chiropractic Examiners is utilizing every available measure to minimize expenses while fulfilling its responsibilities. These spending cuts leave little room for unavoidable expense increases however. A predicted 4.5% salary increase to cover inflation will result in a BRD of \$8,000 in both F.Y. 1992-93.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY: Dentistry, Board of

1992-93 Biennial Budget

MISSION:

The Minnesota Board of Dentistry is the primary state agency charged with public protection as it relates to dental care and dental services and, the practice of dentistry.

MAJOR POLICY DRIVERS:

Through examination, licensure, education, regulation and disciplinary actions, the board strives to fulfill its obligations. Over the past several years, the board has experienced a significant increase in demand for its services directly relating to several factors.

- With the increased availability of dental insurance and other forms of payment assistance, more patient visits are being recorded. Increased patient contact and payment resources create an environment for unacceptable behavior such as fraud, inappropriate care and substance abuse.
- Mobility between jurisdictions is a national issue that necessitated the creation of the National Practitioners Data Bank. The board is required to participate by providing disciplinary data and inquiring of the data bank on applicants for licensure. Failure to participate and inquire represents a violation of federal law and carries with it significant penalties.
- Mobility between jurisdictions requires a broader examination program that recognizes states rights and obligations and balances that against individual rights.
- Continued competency examinations and evaluations support the ongoing need for continuing education.
- Changing technologies, treatment methodologies and the litigious nature of the consuming public requires increased awareness and attention to regulatory activities.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The number of complaints and disciplinary actions taken by the board has increased by more than 500% in the past 4 years. Further, the time required to resolve complaints has become too lengthy a process. In 1986, the board received 37 complaints; took disciplinary action against 12 licensees; referred 26 cases for investigation; and spent an average of 22 months from receipt of a complaint to resolution of a complaint where formal disciplinary action was taken. In 1990, the board received 232 complaints; took disciplinary action against 62 licensees and registrants; referred 189 cases for investigation; and spent an average of 34 months from receipt of a complaint to resolution of a complaint where formal disciplinary action was taken. Disciplinary actions taken in 1990 are related to complaints received in 1987 and 1988. Most complaints referred for investigation in 1990, under the present system of complaint resolution, will not be addressed until 1993.

These statistics are not a one-time or isolated incident. There is a national trend towards increased complaint and disciplinary action for all health related licensing boards, and, the Minnesota Board of Dentistry is no exception. To address this significant increase in workload, the board is requesting additional legal, investigative and support staff. The request should permit the board to resolve complaints and be more responsive to the citizens of Minnesota by reducing the time required to resolve complaints to no more than 18 to 24 months by the end of the fiscal biennium. The cost is estimated at \$150 thousand for each year of the biennium and includes additional investigators, legal assistance and support staff in both the board office and the Office of the Attorney General.

Requests to support additional examinations throughout the central region represent another step towards greater mobility for dental professionals. This additional participation in the development, validation and administration of examinations will require additional funding of \$4 thousand for each year of the fiscal biennium for travel. Benefits of participation include our ability to incorporate elements of importance to ensure public protection for the citizens of this state as it relates to determining candidates clinical competency.

Personnel shortages in the dental hygiene and dental assisting fields have spawned several new

educational undertakings. Evaluation of these new programs is a joint effort between national accreditation organizations and the board to ensure minimum standards are incorporated and maintained. This activity will not require changes the board's request, however, it will reordering staff and boardmember time.

Existing programs, statutory requirements and projected workload increases necessitate additional funding. The board, in response to this demonstrated need, is proposing that fees be increased in compliance with M.S. 214.06 sufficient to cover the cost of additional attorney general services, examination participation and related staff support. M.S. 214.06 requires that fees collected by the board shall as closely as possible equal anticipated expenditures during the fiscal biennium. The fee review completed by the board reflects fee income to support this request.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: DENTISTRY, BOARD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF DENTISTRY	343	412	449	454	604	604	454	604	604
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	343	412	449	454	604	604	454	604	604
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									

STATE OPERATIONS	343	412	449	454	604	604	454	604	604
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	343	412	449	454	604	604	454	604	604
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	331								
STATE GOVT SPEC REV		404	431	436	586	586	436	586	586
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	12								
STATE GOVT SPEC REV		8	18	18	18	18	18	18	18
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	343	412	449	454	604	604	454	604	604
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: DENTISTRY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	449	449			449	449		
SALARY ANNUALIZATION	4	3			4	3		
DOCUMENTED RENT/LEASE INCR.	1	2			1	2		
TOTAL	454	454			454	454		
BIENNIAL TOTAL		908				908		

**ACTIVITY:
PROGRAM:**

1992-93 Biennial Budget

GOVERNOR'S RECOMMENDATION:

AGENCY: Dentistry, Board of

The Governor concurs with the agency's plan.

DECISION ITEM: Legal and Investigative Funding Increase

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	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

Special Revenue	\$ 150	\$ 150	\$ 150	\$ 150
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Revenues

Special Revenue	\$ 150	\$ 150	\$ 150	\$ 150
-----------------	--------	--------	--------	--------

GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$ 150	\$ 150	\$ 150	\$ 150
-----------------	--------	--------	--------	--------

Revenues

Special Revenue	\$ 150	\$ 150	\$ 150	\$ 150
-----------------	--------	--------	--------	--------

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

The board is requesting an increase of \$150,000 in F.Y. 1992 and \$150,000 in F.Y. 1993 to fund additional investigators, legal assistance and support staff for board activities.

RATIONALE:

The number of complaints and disciplinary actions taken by the board has increased by more than 500% in the past 4 years. Further, the time required to resolve complaints has become too lengthy a process. In 1986, the board received 37 complaints; took disciplinary action against 12 licensees; referred 26 cases for investigation; and spent an average of 22 months from receipt of a complaint to resolution of a complaint where formal disciplinary action was taken. In 1990, the board received 232 complaints; took disciplinary action against 62 licensees and registrants; referred 189 cases for investigation; and spent an average of 34 months from receipt of a complaint to resolution of a complaint where formal disciplinary action was taken. Disciplinary actions taken in 1990 are related to complaints received in 1987 and 1988. Most complaints referred for investigation in 1990, under the present system of complaint resolution, will not be addressed until 1993.

In order to be more responsive to the citizens of Minnesota, the board needs additional investigators, legal assistance funding, and support staff.

MISSIC

The purpose of the agency is to protect the public by ensuring that all practitioners meet state competency standards through enforcement of M.S. 146, 147, 148 and 319.

Operations and Clientele:

The agency acts to protect the public through enforcement of Minnesota Statutes by: 1) testing and interviewing each candidate for licensure or registration as physician, physical therapist, mid-wife, physician assistant, or corporation; 2) registering annually every physician, surgeon, or osteopathic physician, physical therapist, mid-wife, physician assistant or medical corporation; 3) receiving and taking action on every complaint or report of malpractice alleging violation of the statutes, investigating allegations, conducting hearings, and taking disciplinary action as indicated; 4) endorsing applications of Minnesota residents to other states for licensure; certifying the status of licenses and registration to the public, drug enforcement agencies, state licensing boards, hospitals and clinics, specialty boards, medical societies, etc.; and 5) enforcing continuing medical education requirements.

MAJOR POLICY DRIVERS:

There are 3 major policy drivers effecting the operation of the agency. These are: 1) newly implemented federal mandate; 2) forthcoming additional state mandate; and 3) increasing complaint load and increasing numbers of physicians under order.

Federal Mandate. Beginning on 9-1-90 the Board of Medical Examiners will act as the state's recipient agency for the Federal Medical Data Bank. This is an obligation placed on the board by federal legislation. There is no option other than participation. The board will receive reports of disciplinary actions against physicians from all Minnesota medical institutions. The board's role is to receive these reports and to transmit 1 copy to the Data Bank while retaining 1 copy to be screened for possible investigation and disciplinary action by the board itself. Details of the cost of carrying out this mandate appear below in the section regarding Base Reallocation Decisions.

State Mandate. The Minnesota Department of Health is authorized to write administrative rules regarding the professional registration of respiratory care practitioners. These rules will be administered by the Board of Medical Examiners. This is an obligation placed on the board by existing state law. There is no option other than participation. Details of the cost of carrying out this mandate appear below in the section regarding Base Reallocation Decisions.

Increasing Complaint Load. Over the past several years, the Board of Medical Examiners has experienced a rapid increase in the number of complaints which it has received regarding physicians. In F.Y. 1985, the board received 305 complaints. In 1987, it received 505, in 1988 - 687, in 1989 - 1,044.

As a result of the increased complaint and disciplinary activity there has been a parallel increase in the number of physicians under order of the board with a current total of 523 orders regarding 311 physicians. These orders require continuous monitoring by Board staff to ensure that they physicians are in compliance with the corrective measures ordered by the board, and the board is seeking staff to accomplish this.

In an effort to limit the increase in complaints, the board has engaged in education outreach programs to its licensees, with some apparent success, and seeks to continue these efforts into the next biennium.

Details of both these effects of increasing complaint activity are provided below in the section regarding Base Reallocation Decisions.

Budget Issues and Alternatives. The operational statistics presented here pertain to the complaint review operations of the board. This is the area of board operations which has seen the most significant changes in volume and costs over the past 6 years and the area of operation which has the greatest impact on the board's budget. Figures for F.Y. 1987-88-89 and 1990 are actual figures. Figures for F.Y. 1991 are based on year to date figures for the first quarter and historical trends over the past 6 years. Figures for F.Y. 1992-93 are derived by the use of average annual changes over the past 6 years with adjustments for the spike in complaint volume in F.Y. 1989 (for an average annual increase of 38% to an increase of 52%) and the apparent leveling of complaint in F.Y. 1990 (4%).

A new category of action was implemented by the board in F.Y. 1989 called educational continuance. This is an informal action applied to cases where a physician has been found to have technically violated the Medical Practices Act, but where the behavior has not resulted in any patient harm. The case is continued for a specified period of time, during which the physician is encouraged to undergo specific types of retraining. At the close of the period, the physician is asked to make a return visit to the Complaint Review Committee and present information on how this training has impacted his or her practice. Depending on the outcome, the case may be dismissed, or continued monitoring or even formal discipline may result. This category of action is reflected in the activity statistics and is projected into the next biennium.

Activity Statistics:

Total Complaints Received						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
505	687	1,044	1,089	1,415*	1,840**	2,391**
Total Jurisdictional Complaints Reviewed by Discipline Committee						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
464	622	1,020	1,063	1,295*	1,677**	2,179**
Total Number of Complaints Referred to Office of the Attorney General for Investigation						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
223	323	309	316	425*	503**	654**
Total Discipline Committee Agenda Action Items						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
193	227	244	236	417**	493**	654**
Total Committee Decisions to Discipline						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
45	70	92	65	117*	138**	183**
Total Board Orders						
<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
48	60	81	76	129*	167**	218**

AGENCY: Medical Examiners, Board of
(Continuation)

1992-93 Biennial Budget

Educational Continuances

<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
		61	65	104*	135**	177**

Total Actions

<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
		142	141	233*	303**	395**

Committee Decisions to Discipline Which Have Not Yet Resulted In Board Orders

<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1990</u>	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
	24	34	31	51*	60**	79**

* Based on year to date figures for first quarter and historical trends.

** Based on historical trends.

BASE REALLOCATION DECISIONS:

Staffing Issues

Federal Data Bank. Beginning on 9-1-90, the Board of Medical Examiners will be required by Federal legislation to act as the state's recipient agency for the federal Medical Data Bank. The board will receive reports of disciplinary actions against physicians from all Minnesota medical institutions. The board's role is to receive these reports and transmit 1 copy to the Data Bank while retaining 1 copy to be screened for possible investigation and disciplinary action. The bulk of this work will be clerical in nature. The volume of this work is anticipated to exceed the capacity of the current clerical staff by the beginning of the next biennium. In order to handle this new federally mandated obligation after July, 1991 without further limiting the board's existing programs in licensure and discipline of physicians, physical therapists, and physicians' assistants, the board requests \$40,000 in F.Y. 1992 and \$36,000 in F.Y.1993 and complement for 1 clerical position.

Respiratory Care Practitioners. The Minnesota Department of Health is currently authorized and funded to write administrative rules regarding the professional registration of respiratory care practitioners. These rules will be administered by the Board of Medical Examiners. This is an obligation placed on the board by existing state law. There is no option other than participation. The Department of Health currently anticipates that these rules will be effective 7-1-91. In order to carry out the initial registration and the on-going registration and disciplinary investigations of these health professionals, the board requests \$42,000 in F.Y. 1992 and \$38,000 in F.Y. 1993 and complement for 1 clerical position to accomplish this work.

The Minnesota Department of Health, which is the agency responsible for drafting the rules for Respiratory Care Practitioners, is proposing a fee schedule as follows:

Application Fee	\$94
Annual Renewal	\$94
Surcharge	\$31 (for first 5 years of registration)

The surcharge is a fee that the Minnesota Department of Health is assessing to cover the cost of the rule writing process. The fees and surcharge were developed by the Department of Health and provided to the Board of Medical Examiners upon request during the budget preparation process. This would provide a total annual revenue of \$125 per registrant (Application Fee, or Annual Renewal plus surcharge.) The Department of Health expects 600 registrants, however the professional organizations for the practitioners estimate that the number is higher. Using the numbers provided by the Department of Health annual revenue for the registration of Respiratory Care Practitioners for F.Y. 1992 and 1993 would be as follows:

F.Y. 1992	600 @ \$94 Application Fee =	\$56,400
	600 @ \$31 Surcharge	18,600 (payable to MDH)
		<u>\$75,000</u>

F.Y. 1993 The identical revenue would be produced in the 2nd year of the biennium.

Compliance Staff. The board currently has 523 disciplinary orders regarding 311 physicians. Approximately two-thirds of these orders are active orders requiring the physician to provide regularly scheduled reports to the board, complete specified retraining programs, submit to biological fluid monitoring, etc. In order to ensure public safety and affirmatively determine that the physicians under order adhering to the board's requirements, it is necessary for the board staff to monitor these orders for compliance by the physician. Current board staff is insufficient to do this on a regular, systematic basis without curtailing other statutorily required functions. The board, therefore, needs complement and \$51,000 in F.Y. 1992 and \$47,000 in F.Y. 1993 for 1 professional position to carry out proper compliance monitoring of the board's orders.

POLICY ISSUES:

Educational Outreach. Over the past several years, the Board of Medical Examiners has experienced a rapid increase in the number of complaints which it has received regarding physicians. In F.Y. 1985, the board received 305 complaints. In 1987, it received 505. In 1988 - 687. 1989 - 1,044. The average annual increase, until 1989, was around 35%. In F.Y. 1989 it shot up to a 52% increase. The board considered various ways, not only to accommodate the increase complaint workload, but also to eliminate or control behavior in physicians which leads to complaints. As an experiment, the board initiated an educational outreach program during the second half of F.Y. 1989 aimed at providing the practicing community information which could be incorporated into clinical practice in a manner which could lessen the probability of practice patterns which result in complaints. This information was presented in a series of Continuing Medical Education Seminars in the spring of 1990. This series was so well received that it was repeated in the fall, for a total of 8 seminars.

The board received 1,089 complaints during F.Y. 1990, for an annual increase of 4%. While it's well understood that it's not possible to generalize from this 1 year of apparently stabilized complaint load regarding future trends, or the cause of the slowed growth, the board does believe that the education outreach program played a role in reducing the rate of increase, at least for that time period.

Based on the experience with the educational outreach program in the current biennium, the board is proposing to conduct similar programs in F.Y.s 1992 and 1993, which address issues brought to the board's attention through the complaint review process. The board is requesting \$51,000 in F.Y. 1992 and \$56,000 in F.Y. 1993 for this activity.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: MEDICAL EXAMNRS,BD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF MEDICAL EXAM	1,413	1,686	2,061	1,814	1,998	1,998	1,814	1,991	1,991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	1,413	1,686	2,061	1,814	1,998	1,998	1,814	1,991	1,991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	1,413	1,686	2,061	1,814	1,998	1,998	1,814	1,991	1,991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	1,413	1,686	2,061	1,814	1,998	1,998	1,814	1,991	1,991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	1,390								
STATE GOVT SPEC REV		1,666	2,021	1,774	1,958	1,958	1,774	1,951	1,951
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	23								
STATE GOVT SPEC REV		20	40	40	40	40	40	40	40
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,413	1,686	2,061	1,814	1,998	1,998	1,814	1,991	1,991
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: MEDICAL EXAMNRS,BD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	2,061	2,061			2,061	2,061		
APPROPRIATIONS CARRIED FWD	<262>	<262>			<262>	<262>		
SALARY ANNUALIZATION	12	9			12	9		
DOCUMENTED RENT/LEASE INCR.	3	6			3	6		
TOTAL	1,814	1,814			1,814	1,814		
BIENNIAL TOTAL		3,628				3,628		

PROGRAM:**AGENCY:** Medical Examiners, Board of**DECISION ITEM:** Base Reallocation Decisions

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:**Expenditures**

Special Revenue	\$ 184	\$ 177	\$ 177	\$ 177
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Revenues

Special Revenue	\$ 184	\$ 177	\$ 177	\$ 177
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GOVERNOR'S RECOMMENDATION:**Expenditures**

Special Revenue	\$ 184	\$ 177	\$ 177	\$ 177
-----------------	--------	--------	--------	--------

Revenues

Special Revenue	\$ 184	\$ 177	\$ 177	\$ 177
-----------------	--------	--------	--------	--------

Requires statutory change: _____ Yes X No**Statutes Affected:****ITEM SUMMARY:**

The Board is requesting funding for activities relating to maintaining a federal data bank, registration and complaint investigation of respiratory care practitioners increased compliance staff and educational outreach.

RATIONALE:

Federal Data Bank. Beginning on 9-1-90, the Board of Medical Examiners will be required by Federal legislation to act as the state's recipient agency for the federal Medical Data Bank. The board will receive reports of disciplinary actions against physicians from all Minnesota medical institutions. The board's role is to receive these reports and transmit 1 copy to the Data Bank while retaining 1 copy to be screened for possible investigation and disciplinary action. The bulk of this work will be clerical in nature. The volume of this work is anticipated to exceed the capacity of the current clerical staff by the beginning of the next biennium. In order to handle this new federally mandated obligation after July 1, 1991 without further limiting the board's existing programs in licensure and discipline of physicians, physical therapists, and physicians' assistants, the board requests \$40,000 in F.Y. 1992 and \$35,000 in F.Y. 1993 and complement for 1 clerical position.

Respiratory Care Practitioners. The Minnesota Department of Health is currently authorized and funded to write administrative rules regarding the professional registration of respiratory care

practitioners. These rules will be administered by the Board of Medical Examiners. This is an obligation placed on the board by existing state law. There is no option other than participation. The Department of Health currently anticipates that these rules will be effective 7-1-91. In order to carry out the initial registration and the on-going registration and disciplinary investigations of these health professionals, the board requests \$42,000 in F.Y. 1992 and \$38,000 in F.Y. 1993 and complement for 1 clerical position to accomplish this work.

Compliance Staff. The board currently has 523 disciplinary orders regarding 311 physicians. Approximately two-thirds of these orders are active orders requiring the physicians to provide regularly scheduled reports to the board, complete specified retraining programs, submit to biological fluid monitoring, etc. In order to ensure public safety and affirmatively determine that the physicians under order adhering to the board's requirements, it is necessary for the board staff to monitor these orders for compliance by the physician. Current board staff is insufficient to do this on a regular, systematic basis without curtailing other statutorily required functions. The board, therefore, needs complement and \$51,000 in F.Y. 1992 and \$47,000 in F.Y. 1993 for 1 professional position to carry out proper compliance monitoring of the board's orders.

Educational Outreach. Over the past several years, the Board of Medical Examiners has experienced a rapid increase in the number of complaints which it has received regarding physicians. In F.Y. 1985, the board received 305 complaints. In 1987, it received 505. In 1988 - 687. 1989 - 1,044. The average annual increase, until 1989, was around 35%. In F.Y. 1989 it shot up to 52% increase. The board considered various ways, not only to accommodate the increase complaint workload, but also to eliminate or control behavior in physicians which leads to complaints. As an experiment, the board initiated an educational outreach program during the second half of F.Y. 1989 aimed at providing the practicing community information which could be incorporated into clinical practice in a manner which could lessen the probability of practice patterns which result in complaints. This information was presented in a series of Continuing Medical Education Seminars in the spring of 1990. This series was so well received that it was repeated in the fall, for a total of 8 seminars.

The board received 1,089 complaints during F.Y. 1990, for an annual increase of 4%. While it's well understood that it's not possible to generalize from this 1 year of apparently stabilized complaint load regarding future trends, or the cause of the slowed growth, the board does believe that the education outreach program played a role in reducing the rate of increase, at least for that time period.

Based on the experience with the educational outreach program in the current biennium, the board is proposing to conduct similar programs in F.Y.s 1992 and 1993, which address issues brought to the board's attention through the complaint review process. The board is requesting \$51,000 in F.Y. 1992 and \$56,000 in F.Y. 1993 for this activity.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency plan as long as anticipated receipts equal or exceed estimated expenditures.

The Governor concurs with the agency's plan.

MISSION:

This board serves to protect Minnesota residents, particularly those cared for in long-term health care facilities by ensuring that all licensed nursing home administrators meet competency standards as established by M.S. 144.19.

MAJOR POLICY DRIVERS:

The board is acutely aware that administrators of nursing homes are experiencing increased responsibility and accountability in the provision of quality patient care. This situation is particularly true in meeting new federal O.B.R.A. requirements. With this in mind, the board will closely monitor these developments to ascertain what, if any, changes may need to be made in licensure standards and regulations. While the board recently added 3 academic course requirements for original licensure, it will carefully study if there are other topic areas not now adequately covered given the new circumstances under which administrators must function.

Also, the board will closely observe to see what, if any, changes may be required to ensure that administrators fulfill their responsibilities in the provision of quality care and observance of regulations.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The workload of the board continues to increase steadily and is expected to continue to do so. Significant increases are particularly noted in the volume of complaints being received concerning licensed administrators; the volume of inquiries regarding original licensure requirements and the amount of additional time being required for the reviewal and processing of continuing education offerings. For example, written complaints have increased from 28 complaints in F.Y. 1989 to 157 written complaints in F.Y. 1990.

EFFECTIVENESS MEASURES

	<u>Actual F.Y. 1990</u>	<u>Estimate F.Y. 1991</u>	<u>Estimate F.Y. 1992</u>	<u>Estimate F.Y. 1993</u>
Applications Processed	100	100	110	115
Examinations Administered	230	250	265	270
Licenses Issued	889	940	1,000	1,000
Education Offerings Reviewed	410	425	450	450
Written Complaints Received	157	175	200	225

The board is requesting the addition of a ¼ time person to help expedite processing the dramatic increase in complaints being submitted to the board. All complaints received must initially be reviewed by the complaint committee of the board; followed up by an investigatory process and then reconsidered by the committee as to the type of action or disposition required on each complaint. These various procedural steps require extensive staff time both in preparing the material for committee consideration and the implementation of committee action.

The Board collects fees sufficient to cover all costs of operations and will adjust fees to cover the increased costs of operations due to inflation, rent increases and requested additional staff.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NURSING HM ADM,EX BD
PROGRAM: HEALTH BOARDS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
BD OF NURS HOME ADMIN	140	135	159	160	171	171	161	199	199
TOTAL EXPENDITURES BY ACTIVITY	140	135	159	160	171	171	161	199	199
DETAIL BY CATEGORY:									
STATE OPERATIONS	140	135	159	160	171	171	161	199	199
TOTAL EXPENDITURES BY CATEGORY	140	135	159	160	171	171	161	199	199
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	134								
STATE GOVT SPEC REV		134	153	154	165	165	155	193	193
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	6								
STATE GOVT SPEC REV		1	6	6	6	6	6	6	6
TOTAL FINANCING	140	135	159	160	171	171	161	199	199

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: NURSING HM ADM,EX BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	159	159			159	159		
SALARY ANNUALIZATION	1	1			1	1		
DOCUMENTED RENT/LEASE INCR.		1				1		
TOTAL	160	161			160	161		
BIENNIAL TOTAL		321				321		

AGENCY: Nursing Home Administrator Examining Board

DECL. ITEM: Increase of Budget Request over Base Budget

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

Special Revenue	\$ 11	\$ 38	\$ 38	\$ 38
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Revenues

Special Revenue	\$ 26	\$ 26	\$ 26	\$ 26
-----------------	-------	-------	-------	-------

GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$ 11	\$ 38	\$ 38	\$ 38
-----------------	-------	-------	-------	-------

Revenues

Special Revenue	\$ 26	\$ 26	\$ 26	\$ 26
-----------------	-------	-------	-------	-------

Requires statutory change: _____ Yes x No

Statutes Affected:

ITEM SUMMARY:

An increase of \$11,000 is needed for F.Y. 1992 to cover an anticipated 4.5% salary increase for present staff plus a \$6,500 expenditure for a 1/4 time new position to handle the dramatic increases in complaints received and processed by the board.

RATIONALE:

An increase of \$38,000 is needed for F.Y. 1993 to cover an anticipated 4.5% salary increase for staff, \$6,500 for new 1/4 position and a one-time expenditure of \$22,000 to cover payment of expected earned vacation and sick leave benefits of staff retiring. All expenditures are off-set by revenues generated by fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

MISSION:

The Board of Nursing's mission is to provide public protection by ensuring that registered nurses and licensed practical nurses and nursing assistants meet standards of education and practice through activities authorized in M.S. 148.171 - 148.285, 214, 144A.61 and 319A.

Mission-related activities include:

- testing applicants for licensure as a registered nurse (RN) or licensed practical nurse (LPN) and granting licenses to those who qualify,
- renewing registration of existing licensees,
- registering public health nurses who meet qualifications,
- authorizing nurse practitioners to prescribe drugs and therapeutic devices,
- receiving and taking action on complaints alleging a violation of statutes or rules enforced by the board,
- verifying licensure status of Minnesota licensees to other states and countries,
- approving nursing programs which prepare for licensure,
- registering nursing corporations,
- setting standards and approving certain nursing assistant training programs,
- maintaining a registry of certain nursing assistants,
- collecting a "voluntary surcharge" for a grant program administered by the Higher Education Coordinating Board (HECB),
- developing and applying rules governing nursing practice.

MAJOR POLICY DRIVERS:

Licensure: The number of applicants and licensees continues to increase each year. In F.Y. 1990 the board issued 3,479 new licenses and renewed the registration of 68,848 nurses. Nursing assistants on the registry totaled 20,742 and 155 new public health nurses were registered.

Complaints: The number of complaints has increased each year. In F.Y. 1985 the board received 224 written jurisdictional complaints, while in 1990 the number was 785. The increased discipline activity results in a greater number of nurses under a board order. Currently the board monitors 373 nurses under an order and has another 340 open cases awaiting processing. The processing of complaints is a labor intensive activity which requires sufficient competent staff to assure compliance with the orders and provide public protection.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:**Base Reallocation Decisions:**

Disciplinary Functions: The 340 cases awaiting processing by the board represent many situations which should be addressed in a timely manner through conference or hearing. Lack of staff is the major cause for the delay. The increased number of board orders also requires more staff to monitor the adherence by the nurse to the provisions of the order. The board requests \$121,000 in F.Y. 1992 and \$122,000 in F.Y. 1993 and complement for 2 professional staff and 1 clerical staff.

Continuing Education: Since 1978 registered nurses have been required to provide evidence of continuing education at the time of registration renewal. Through the years licensed practical nurses have requested to be included in this requirement. To develop, implement and maintain a continuing education program for the approximately 22,000 licensed practical nurses will require additional staff. The board requests \$50,000 in F.Y. 1992 and \$34,000 in F.Y. 1993 and complement for 1 Clerk Typist III.

Administration: Over the past 15 years the board has evolved from having a single focus on licensing to a multi-focus agency. Currently the board licenses RN's and LPN's, registers public health nurses, registers nursing corporations, authorizes nurse practitioners to prescribe drugs, collects money for a grant program administered by the HECB, and has an agreement with the Department of Health to maintain a registry of nursing assistants employed by long-term care facilities. Each activity involves the receipt of and/or disbursement of money. The annual expenditures have grown from \$443,800 in F.Y. 1978 to a projected \$1,592,000 for F.Y. 1993, plus approximately \$150,000 to be spent for the nursing assistant activity. The number of sources of funds which support the budget has changed from 15 to 30 during the same period. Financial management, including processing receipts and disbursements, needs to be the full-time function of 1 board employee in order to assure fiscal accountability, prompt payment and close budget oversight. The board requests \$34,000 in F.Y. 1992 and \$32,000 in F.Y. 1993 and complement for 1 accounting employee.

Total Reallocation Request

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>
Discipline	\$121,348	\$122,412
Continuing Education	50,033	33,655
Administration	33,940	32,487
Total	<u>\$205,321</u>	<u>\$188,554</u>

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, except the Governor does not recommend funding for the administrative position as it appears to be in conflict with M.S. 214.05.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: NURSING, BOARD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF NURSING	1,072	1,232	1,324	1,343	1,579	1,545	1,344	1,616	1,584
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	1,072	1,232	1,324	1,343	1,579	1,545	1,344	1,616	1,584
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	1,072	1,232	1,324	1,343	1,579	1,545	1,344	1,616	1,584
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	1,072	1,232	1,324	1,343	1,579	1,545	1,344	1,616	1,584
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	1,050								
STATE GOVT SPEC REV		1,081	1,120	1,139	1,375	1,341	1,140	1,412	1,380
STATUTORY APPROPRIATIONS:									
GENERAL		125	169	169	169	169	169	169	169
SP REV DIRECT APPROP	22								
STATE GOVT SPEC REV		26	35	35	35	35	35	35	35
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,072	1,232	1,324	1,343	1,579	1,545	1,344	1,616	1,584

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: NURSING, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	1,324	1,324	169	169	1,155	1,155		
SALARY ANNUALIZATION	12	10			12	10		
DOCUMENTED RENT/LEASE INCR.	7	10			7	10		
TOTAL	1,343	1,344	169	169	1,174	1,175		
BIENNIAL TOTAL		2,687		338		2,349		

**ACTIVITY:
PROGRAM:**

AGENCY: Nursing, Board of

DECISION ITEM: Operations Increases

1992-93 Biennial Budget

time Board employee to assure fiscal accountability, prompt payment and close budget oversight.

All expenditures for Board costs are offset by revenues raised through licensure, renewal and other fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan, except the Governor does not recommend funding for the administrative position as it appears to be in conflict with M.S. 214.04.

AGENCY PLAN:

Expenditures

	Dollars in Thousands			
	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
Special Revenue	\$ 236	\$ 272	\$ 272	\$ 272

Revenues

Special Revenue	\$ 236	\$ 272	\$ 272	\$ 272
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GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$ 202	\$ 240	\$ 240	\$ 240
-----------------	--------	--------	--------	--------

Revenues

Special Revenue	\$ 202	\$ 240	\$ 240	\$ 240
-----------------	--------	--------	--------	--------

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

This request is for the purpose of: 1) monitoring adherence by nurses to the provisions of Board orders (including 2 professional and 1 clerical position); 2) developing and maintaining a continuing education program for licensed practical nurses (including 1 clerical position), and: 3) improving fiscal accountability (includes 1 support position).

RATIONALE:

Currently the Board monitors 373 nurses under Board orders and has another 340 open cases awaiting processing. This labor intensive activity requires sufficient competent staff to assume compliance with orders and provide public protection.

Licensed practical nurses were not included in the implementation of continuing education as a requirement for registration renewal along with registered nurses in 1978. Repeated requests to include the 22,000 licensed practical nurses have been received.

Fiscal management of the Board has become increasingly complex as the functions of the Board and sources of funds have increased. The agency has 9 major activities with 30 different funding codes. Financial management, including processing receipts and disbursements, needs the attention of a full-

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March 27, 1991/mk

The Governor concurs with the agency's plan.

MISSION:

The Board of Optometry serves to protect the residents of the state of Minnesota by assuring that all practitioners meet state services and competency standards, as set forth in the Minnesota Optometric Practice Act (M.S. 148.52 - 148.62).

For the Board of Optometry to accomplish its mission, it is necessary to closely review all applications for licensure, and prepare and administer an examination to test competency of qualified applicants.

In addition, the Board of Optometry processes consumer complaints according to procedures set forth by the Attorney General's Office, and monitors continuing education according to Board Rule 6500.0900 through 6500.1700.

MAJOR POLICY DRIVERS:

In an effort to maintain high quality optometric care in the state of Minnesota, the board will review examination procedures and content to exact fair and equitable testing of all qualified applicants.

With the practice of optometry changing and expanding, the need to document limitations and requirements presents itself. The Board of Optometry will be reviewing and submitting changes to M.S. 148.52 through 148.62 and MN Rules Chapter 6500 in a continuing effort to provide high standards to which the optometrist is expected to perform and to which consumers are deserving.

As consumer awareness, regarding competency and ethical issues increases, the need to expeditiously respond to those concerns is a principal agency responsibility.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

Current fee levels were established and effective in F.Y. 1990, with a mind toward the upcoming biennium and the expected increase in operating costs. The Board of Optometry will generate funds more than sufficient to offset any increase in board expenses.

Agency Base Reallocation:

With the increase in board activity, to provide the public with exceptional optometric care, the need for additional funds is essential.

- | | | | | |
|--|-----------|---------|-----------|---------|
| 1. Contractual Consultant | F.Y. 1992 | \$1,000 | F.Y. 1993 | \$ -0- |
| The need for a professional consultant to the board will be a necessity for F.Y. 1992. A professional consultant, on contract to the board, will be used during F.Y. 1992 as a representative of the board to address the issues relative to legislative changes to M.S. 148.52 - 148.62 being introduced, in F.Y. 1991, by an outside interest group. This legislation will have a direct and profound impact on the responsibilities of the board of Optometry. Inasmuch, it is imperative that the board be kept abreast of the progress of said legislation. In addition, the use of professional consultant will be necessary to assist in defining the effect of the expected legislative changes into Board Rule. | | | | |
| 2. Computer Software Update | F.Y. 1992 | \$1,000 | F.Y. 1993 | \$1,000 |
| The board of Optometry purchased in 1985, a personal computer system to store and process board information. This system includes software for wordprocessing and maintenance of a data base of licensees. However, the system is now very antiquated and extremely inefficient for the current needs of the board. The performance of the board is directly indicated by the information available to consumers and board members alike. The timely production of data in any and all forms will be greatly enhanced with the replacement of current computer software. | | | | |

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: OPTOMETRY, BOARD OF
PROGRAM: HEALTH BOARDS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF OPTOMETRY	57	59	70	70	73	73	70	75	75
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	57	59	70	70	73	73	70	75	75
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATE OPERATIONS	57	59	70	70	73	73	70	75	75
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	57	59	70	70	73	73	70	75	75
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	50								
STATE GOVT SPEC REV		59	66	66	69	69	66	71	71
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	7								
STATE GOVT SPEC REV			4	4	4	4	4	4	4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	57	59	70	70	73	73	70	75	75

ACTIVITY:
PROGRAM:
AGENCY: Optometry, Board of

1992-93 Biennial Budget

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DECISION ITEM: Operating Costs Increases

Dollars in Thousands			
<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>

AGENCY PLAN:

Expenditures

Special Revenue	\$	3	\$	5	\$	5	\$	5
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Revenues

Special Revenue	\$	3	\$	5	\$	5	\$	5
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GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$	3	\$	5	\$	5	\$	5
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Revenues

Special Revenue	\$	3	\$	5	\$	5	\$	5
-----------------	----	---	----	---	----	---	----	---

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The board is requesting an increase of \$3,000 in F.Y. 1992 and \$5,000 in F.Y. 1993 to fund salary increases, professional consultation services, and for the purchase of computer software.

RATIONALE:

The need for a professional consultant to the board will be required to allow the board to address the issues relative to amendments to .S. 148.52-62. The professional consultant will also assist in defining the effect of the legislative changes to board rule.

The board also needs to update software for wordprocessing and maintenance of a data base of licensees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

MISSIC

The Minnesota Board of Pharmacy exists to protect the public from adulterated, misbranded and illicit drugs and from unethical or unprofessional conduct on the part of pharmacists or other licensees, and to provide a reasonable assurance of professional competency in the practice of pharmacy by enforcing the Pharmacy Practice Act M.S. 151, State Controlled Substances Act M.S. 152 and various other statutes. The board strives to fulfill its mission through a combination of regulatory activity, technical consultation and support for pharmacy practice, through the issuance of advisories on pharmacy issues and through education of pharmacy practitioners.

In order to meet our objectives for F.Y. 1992 and F.Y. 1993 the board's enforcement of the pharmacy practice act, the state controlled substances act, and other miscellaneous acts will involve: 1) testing applicants for licensure, 2) licensing successful candidates, 3) renew licenses of existing licensees, 4) reviewing CE participation of licensees, 5) licensing and inspecting pharmacies, drug wholesalers and drug manufacturers, 6) investigating complaints, 7) providing technical assistance, consultation and training to pharmacists and other health professionals, and 8) developing and applying rules governing the various aspects of pharmacy practice. The board sets fees to ensure recovery of the costs of its operations.

MAJOR POLICY DRIVERS:

Steady increases in the numbers of individuals seeking licensure, the number of pharmacies opening and drug audits being undertaken, continue to increase the difficulty in meeting the board's goal of twice a year inspections of all pharmacies.

In addition to these demands, new federal legislation mandates all states to develop a system of licensure and inspection for all drug wholesalers and manufacturers. State legislation directing the board to implement such a system was passed in the 1990 session. Now that Federal Drug Administration (FDA) has published its rules detailing its expectations in the area of state inspections of wholesalers, the board is in the process of developing its rules, in conformity with FDA's standards, that will detail drug storage and record-keeping requirements for wholesalers.

The inspections carried out under this new licensure system will also serve to increase the need for additional staffing.

In another area, Intertechnologies Group of the Department of Administration (Intertech) has determined that the present state wide licensure system (SWL) is no longer functioning appropriately. SWL originally was used by some 30 plus state agencies as the basis for their licensure systems. Over time, that number has dropped to 9 agencies. These 9 agencies now share the costs of this system that were once borne by over 30. On top of that, the technology is old. Acting upon the recommendations of a private consulting firm, Intertech is disbanding SWL. This decision will result in the agencies left on the system, of which the Board of Pharmacy is one, bringing their licensure system in-house. This transfer will result in the need for increased funding in F.Y. 1992 in order to complete the project.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

With the imminent dismantling of the state wide licensure system by Intertech, the board began the process of bringing the board's licensure function in-house.

When the board first began the process of bringing out licensing function in-house, we contacted the Minnesota Center of Health Statistics at the Minnesota Department of Health. Four years ago, when the board was housed at the Health Department, our licensing function was handled, in part, by the Center and it was through the Center that the Dental Board first computerized its licensing function. Since our operations and needs were similar to those of Dentistry, we felt confident in working with

the Health Department people. The individuals from the Center we met with estimated total cost of \$25,000 for bringing our system in-house. This amount was included in our budget over F.Y. 1989 and F.Y. 1990. A deficiency appropriation and a CHANGE level request were approved by the 1989 legislature appropriating the requested funding of \$10,000 in F.Y. 1989 and \$15,000 in F.Y. 1990.

As we prepared for our legislative request, we began working directly with Intertech instead of through the Center for Health Statistics at the Health Department. Intertech subsequently recommended a more sophisticated system which we began to appreciate the need for. We have now spent all of the original \$25,000 plus \$7,500 additional during F.Y. 1991. The total cost for the system recommended and designed by Intertech is approximately \$125,000. We cannot presently afford to continue the computerization process because of our relatively limited budget and because of unbudgeted increases in rent and remodeling costs, and a legislatively imposed increase in board member per diems. Together these unbudgeted increases totaled about \$26,000 for F.Y. 1991. While these amounts may seem small in the overall scope of state operations, to a small agency, such as the Board of Pharmacy, they are significant.

Intertech, on the recommendation of Analysts International Corporation, has made available \$50,000 worth of programming and systems development time for each of the 9 agencies, including the Board of Pharmacy, still on the state wide licensing system, in F.Y. 1991. This will keep our project moving forward through F.Y. 1991.

Still needed to complete the installation of the computer system is a total of \$46,200. This amount represents \$24,000 for hardware, \$20,000 for programming, \$1,200 for software, and \$1,000 for training. This amount is being requested as an addition to our appropriation in F.Y. 1992.

For F.Y. 1993, the board is requesting the addition of 2 new staff positions. The first is a pharmacy surveyor. The last time a surveyor was added to the board's staff was 1977. Since that time we have added inspection responsibilities for drug wholesalers, drug manufacturers, drug researchers, and medical gas distributors, as well as, inspection responsibilities for dispensing physicians and dentists, and approximately 140 additional pharmacies. It has now reached the point where the existing surveyors not only cannot inspect each facility twice a year as the board desires, but are not able to inspect all facilities even once a year.

For similar reasons of generally increased work load, including additional correspondence generated by an increased number of complaints, reports, and letters that will be generated by an additional surveyor, our second staffing request is for a Clerk-Typist III position.

In the area of examinations, the cost to the board for using the Federal Drug Law examination will be increasing by \$25 per exam as of September of 1991. Since the board collects examination fees from licensure candidates to cover these costs, the exam fees are being proposed for increase. Nevertheless, the exam cost increase will require an appropriation increase so that the increased costs can be paid.

Finally, "Cost of Living" increases of 4.5% are being projected for each year of the biennium. These too will be covered by the proposed fee increases.

The Board of Pharmacy, like all of the Health related licensing boards, is required to establish its fees in such a manner as to recover, over a biennium, the appropriated amount. The board is prepared to increase its fees, as needed, to meet these requested increases. It is presently contemplated that fees for drug wholesalers and drug manufacturers be increased to \$150 and that pharmacist fees be increased by \$10 to a total of \$75. Even with these increases, these fees are still comparable to those charged in neighboring states. North Dakota, for instance, charges fees of \$150 for pharmacists and \$150 for wholesalers and manufacturers. Iowa charges \$100 for pharmacists and \$125 for wholesalers and manufacturers.

The fee increases discussed above should serve to increase revenues by approximately \$80,000 in each year of the biennium which will serve to meet the requested appropriation increase.

F.Y. 1991 DEFICIENCY:

The Board of Pharmacy has been subjected to a number of expenses in F.Y. 91 which were not anticipated at the time of our budget request prepared in the fall of 1989. These unanticipated expenses of \$28,500 represent \$7,500 paid to InterTech to keep our computerization project moving forward; \$5,000 for remodeling of our office space; \$4,000 for furniture for the remodeled area; \$5,000 for a rent increase for the final seven months of F.Y. 91 as included in our recently negotiated lease extension; \$2,500 in increased Board Member per diem due to 1990 legislative change; and \$4,500 for workers compensation costs.

The unanticipated expenses incurred by the Board of Pharmacy arose from several different sources.

With the decision made by InterTech and the Department of Administration to discontinue and dismantle the Statewide Licensure System, the Board of Pharmacy was required to develop a computerized licensing system in-house. We have been working with InterTech on this project, are receiving some funding from InterTech, and are requesting the balance of the funding in the next biennium. We were forced, however, to expend \$7,500 in F.Y. 91 beyond what was anticipated in order to keep the project moving forward until the funding from InterTech became available to us.

The remodeling done by the Board was part of extensive renovations made to the building that houses all the health boards. The Board of Pharmacy's share of the remodeling costs were \$5,000. Furniture for the reception area created in the remodeling was \$4,000.

During October and November of 1990, a new five-year lease was negotiated for the Board of Pharmacy by the Real Estate Management Division of the Department of Administration. The new lease became effective December 1, 1990. The rent increase for the Board over the last seven months of F.Y. 91 is approximately \$5,000.

During the 1990 legislative session, the per diem rate paid to board members of all the Health Boards was increased from \$35 to \$55, resulting in an unanticipated increase in per diem expenses of \$2,500.

Finally the Board has had to reimburse the Department of Employee Relations for Workers Compensation expenses associated with an injury suffered several years ago by a Board inspector who is no longer with us. This expense in F.Y. 91 has been approximately \$4,500 to date.

In considering what alternatives are open to it, should this deficiency request be denied, the Board determined that it would cancel one board meeting before the end of June; curtail pharmacy inspections in Greater Minnesota by the Board's inspectors, thus saving hotel, meal, and mileage costs; and attempt to defer payment for the licensing exam given in June until the next fiscal year.

In F.Y. 1990, the Board had over \$40,000 in revenue in excess of its total expenses. Even in F.Y. 91 the Board is anticipating a small surplus of revenue, collected through fees, over actual expenses. The Board, therefore, is generating more than sufficient funds through its fees to cover this deficiency request during this biennium. It is simply a matter of obtaining authorization to spend the money we have already collected.

<u>PERFORMANCE INDICATORS:</u>	<u>Actual F.Y. 1989</u>	<u>Actual F.Y. 1990</u>	<u>Estimated F.Y. 1991</u>
Number of People Examined	117	140	160
Number of Reciprocity Candidates Examined	98	84	95
Number of New People Licensed	184	176	200
Number of Pharmacist Licenses Renewed	4,507	4,586	4,400
Number of Facility Inspections Completed	1,800	1,800	1,800
Number of Facility Licenses Renewed	1,540	1,656	1,465
Number of Professional Education Offerings Reviewed	256	261	255
Number of Complaints Processed	82	94	115
Number of Disciplinary Actions	35	21	25

"Complaints processed" does not include telephone complaints not followed up in writing by the complaining party, complaints referred to other boards and complaints remedied in a less than formal manner.

IPO RECOMMENDATION:

The IPO recommends the following:

The Information Policy Office supports completion of the project. To continue to perform its licensing duties efficiently, an automated system is needed. Funding of \$46,200 from the special revenue fund is recommended for hardware and training costs. Funds are not available through base reallocation. Based on an independent consultant's report on replacing obsolete technologies, InterTech has allocated money for statewide licensing system conversion. The remaining \$20,000 in the request is for software development and should come from that fund. The board should develop and implement a method to measure both the effects of technology changes and any work place re-engineering efforts.

GOVERNOR'S RECOMMENDATION

The Governor concurs with the agency's plan. The Governor also recommends an additional appropriation of \$28,500 for F.Y. 1991.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PHARMACY,BOARD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF PHARMACY	400	465	484	491	554	554	491	609	609
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	400	465	484	491	554	554	491	609	609
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	400	465	484	491	554	554	491	609	609
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	400	465	484	491	554	554	491	609	609
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	388								
STATE GOVT SPEC REV		462	474	481	544	544	481	599	599
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	12								
STATE GOVT SPEC REV		3	10	10	10	10	10	10	10
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	400	465	484	491	554	554	491	609	609
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: PHARMACY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	484	484			484	484		
SALARY ANNUALIZATION	6	5			6	5		
DOCUMENTED RENT/LEASE INCR.	1	2			1	2		
TOTAL	491	491			491	491		
BIENNIAL TOTAL		982				982		

ACTIVITY:
PROGRAM:
AGENCY: Pharmacy, Board of

1992-93 Biennial Budget

DECISION ITEM: F.Y. 1991 Deficiency

	Dollars in Thousands			
	F.Y. 1991	F.Y. 1992	F.Y. 1993	F.Y. 1994

AGENCY PLAN:

Expenditures				
Special Revenue Fund	\$ 29	\$ -0-	\$ -0-	\$ -0-

GOVERNOR'S RECOMMENDATION:

Expenditures				
Special Revenue Fund	\$ 29	\$ -0-	\$ -0-	\$ -0-

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Board of Pharmacy has been subjected to a number of expenses in F.Y. 1991 which were not anticipated at the time of our budget request prepared in the fall of 1989. These unanticipated expenses of \$28,500 represent \$7,500 paid to Intertech to keep our computerization project moving forward; \$5,000 for remodeling of our office space; \$4,000 for furniture for the remodeled area; \$5,000 for a rent increase for the final 7 months of F.Y. 1991 as included in our recently negotiated lease extension; \$2,500 in increased board member per diem due to 1990 legislative change; and \$4,500 for workers' compensation costs.

The unanticipated expenses incurred by the Board of Pharmacy arose from several different sources.

With the decision made by Intertech and the Department of Administration to discontinue and dismantle the Statewide Licensure System, the Board of Pharmacy was required to develop a computerized licensing system in-house. We have been working with Intertech on this project, are receiving some funding from Intertech, and are requesting the balance of the funding in the next biennium. We were forced, however, to expend \$7,500 in F.Y. 1991 beyond what was anticipated in order to keep the project moving forward until the funding from Intertech became available to us.

The remodeling done by the board was part of extensive renovations made to the building that houses all health boards. The Board of Pharmacy's share of the remodeling costs were \$4,000. Furniture for the reception area created in the remodeling was \$4,000.

During October and November of 1990, a new 5-year lease was negotiated for the Board of Pharmacy by the Real Estate Management Division of the Department of Administration. The new

lease became effective 12-1-90. The rent increase for the board over the last 7 months of F.Y. 1991 is approximately \$5,000.

During the 1990 legislative session, the per diem rate paid to board members of all the health board was increased from \$35 to \$55, resulting in an unanticipated increase in per diem expenses of \$2,500.

Finally the board has had to reimburse the Department of Employee Relations for Workers' Compensation expenses associated with an injury suffered several years ago by a board inspector who is no longer with us. This expense in F.Y. 1991 has been approximately \$4,500 to date.

In considering what alternatives are open to it, should this deficiency request be denied, the board determined that it would cancel one board meeting before the end of June; curtail pharmacy inspections in Greater Minnesota by the board's inspectors, thus saving hotel, meal, and mileage costs; and attempt to defer payment for the licensing exam given in June until the next fiscal year.

In F.Y. 1990, the board had over \$40,000 in revenue in excess of its total expenses. Even in F.Y. 1991, the board is anticipating a small surplus of revenue, collected through fees, over actual expenses. The board, therefore, is generating more than sufficient funds through its fees to cover this deficiency request during this biennium. It is simply a matter of obtaining authorization to spend the money we have already collected.

IPO RECOMMENDATION:

The IPO recommends the following:

The Information Policy Office supports completion of the project. To continue to perform its licensing duties efficiently, an automated system is needed. Funding of \$46,200 from the special revenue fund is recommended for hardware and training costs. Funds are not available through base reallocation. Based on an independent consultant's report on replacing obsolete technologies, InterTech has allocated money for statewide licensing system conversion. The remaining \$20,000 in the request is for software development and should come from that fund. The board should develop and implement a method to measure both the effects of technology changes and any work place re-engineering efforts.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

AGENCY: Pharmacy, Board of

1992-93 Biennial Budget

DECISION EM: Funding of Licensing System and Staffing

Dollars in Thousands

F.Y. 1992

F.Y. 1993

F.Y. 1994

F.Y. 1995

AGENCY PLAN:

Expenditures

Special Revenue	\$	63	\$	118	\$	118	\$	123
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Revenues

Special Revenue	\$	80	\$	80	\$	120	\$	125
-----------------	----	----	----	----	----	-----	----	-----

GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$	63	\$	118	\$	118	\$	123
-----------------	----	----	----	-----	----	-----	----	-----

Revenues

Special Revenue	\$	80	\$	80	\$	120	\$	125
-----------------	----	----	----	----	----	-----	----	-----

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

The increased spending authorization sought for F.Y. 1992 represents, primarily, the amount needed to complete the project of bringing the computerized licensing system, now provided by ISB, into the Board offices. This is necessary due to the imminent discontinuance of the system by ISB. The amount requested for F.Y. 1993, and into the future, represents 1 additional inspector and 1 additional clerk typist together with overhead associated with those positions.

RATIONALE:

The in-house licensing system is required due to the discontinuance of the State Wide Licensing System by ISB. Changes in the Board's responsibilities over the last several years, by the legislature and the U.S. congress, have reached the point where additional staffing is needed to carry out the various mandates.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

MISSION:

The Minnesota Board of Podiatric Medicine is the agency which regulates the practice of podiatric medicine. Its purpose is to protect the public from incompetent and/or unprofessional practice. The

MAJOR POLICY DRIVERS:

In 1987 the podiatric medicine licensure law was completely revamped, mandating stringent licensure requirements, continuing education, and specific grounds for disciplinary action.

To implement the new podiatric medicine law, the Board adopted new rules in 1988, which set requirements for post-degree practical experience in preparation for licensure, implemented a clinical objective examination, set requirements for continuing education, and instituted renewal procedures.

It is anticipated that the changes will attract competent podiatrists to Minnesota to practice their profession. While it is too early to predict the long term effect of these changes, the effect is probably reflected in the increase in the number of graduates of podiatric medical school completing their post-graduate practical experience in Minnesota each year for the past two years, as well as a rising number of licensees per year.

Unfortunately, a substantial increase in renewal fees two years ago, needed to fund a part-time staff, resulted in many licensees who reside out-of-state failing to renew their license. The number of licensees in July, 1998 was approximately 140. The number dropped to about 110 by July, 1989, and stands at 120 as of July, 1990.

The plans for F.Y. 1991 are to modify the rules to establish biennial renewal and to clarify several provisions related to post-degree experience and continuing education. When the changes are adopted, phasing in the biennial renewal period will require modification of office procedures and entail some changes in the renewal form. No major disruptions or additional time or expenditure commitments however, are anticipated.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

It is anticipated that no increase in allocations above the baseline budget figures will be necessary to accomplish the goals of the Board in the next biennium. The base line budget figures allow of 5.0% and 4.5% increases in unclassified and classified salaries (for part-time services provided by Board of Psychology staff) because each increase is less than \$500. The board pays no rent and no telephone costs except WATS charges. Increases due to inflation would amount to less than \$500 for each budget item.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: PODIATRY, BOARD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF PODIATRY	19	28	30	30	30	30	30	30	30
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	19	28	30	30	30	30	30	30	30
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	19	28	30	30	30	30	30	30	30
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	19	28	30	30	30	30	30	30	30
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	16								
STATE GOVT SPEC REV		27	28	28	28	28	28	28	28
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	3								
STATE GOVT SPEC REV		1	2	2	2	2	2	2	2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	19	28	30	30	30	30	30	30	30

MISSION:

The Minnesota Board of Psychology is the agency which regulates the private practice of psychology. Its mission is to protect the public from unprofessional and incompetent psychological practice.

To fulfill its mission, the board's objectives are to:

1. Ensure that only persons who meet the qualifications for licensure are granted licensure;
2. Periodically re-examine the rules of the board governing licensure requirements in an effort to improve the quality of psychological services provided to the public;
3. Establish rules of conduct consistent with ethical practice against which the conduct of licensees and applicants can be measured; and
4. Discipline in an appropriate manner those licensees who have violated the rules of conduct and/or any laws enforced by the board which relate to the ethics of practice.

MAJOR POLICY DRIVERS:

To implement these objectives, the board adopted new rules in F.Y. 1990, modified slightly in F. Y. 1991, to specify in some detail the academic requirements for licensure. The changes become effective at the beginning of F.Y. 1992 and will impact on the F.Y. 1992-93 budget as shown below. The new rules also impose more direct supervision for post-degree employment required for licensure and instituted a "field of practice" oral examination (to be in place by F.Y. 1992), both of which will also impact on the F.Y. 1992-93 budget. In addition, the new rules made major changes in the rules of conduct, providing greater specificity regarding ethical violations, which should aid enforcement. However, these changes are not likely to impact on the F.Y. 1992-93 budget.

Over the past 2 years the board has experienced a huge increase in the number of applicants for examination, largely resulting from the introduction of legislation which, if enacted, would have eliminated independent practice for master's level applicants. Persons with master's degrees are scrambling to "get into the pipeline". In addition, Minnesota schools are apparently granting master's degrees in mental health fields to more students than in earlier years. The increase, plus inability to predict accurately the number of applicants, forced the board to adopt rules in F.Y. 1991 which take the examination cost out of the budget process. This change has a positive effect on the F.Y. 1992-93 budget, as will be shown below.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

Fees were increased in the F.Y. 1990-91 biennium to cover a deficit from F.Y. 1990 of about \$20,000 and an anticipated deficit in F.Y. 1991 of \$40,000. Revenue is anticipated to be sufficient in F.Y. 1992-1993 to cover the proposed budget increases listed below:

F.Y. 1991 DEFICIENCY REQUEST:

Request is for authority to increase the F.Y. 91 expenditure authorization by \$60,000 to cover the costs associated with holding two contested case hearings with respect to two licensees against whom allegations of serious violations of law and rule have been filed. Evidence supports the allegations.

The Board's appropriation for F.Y. 91 for direct expenditures is \$197,000. It is anticipated that the Board's ordinary expenses will consume about \$194,000 of the appropriation. There will, therefore, be insufficient spending authority to pursue even one contested case, let alone two, in this fiscal year, without having the spending authority increased. The fee rule when adopted will provide sufficient revenue to cover the budget portion of the costs related to contested case hearings as well as the non-budget portion represented by fees charged by the Attorney General's office. It is imperative that the disciplinary process be initiated this year to ensure that the licensees in question do not remain undisciplined any longer than absolutely necessary.

Below are explanations of the proposed increases or decreases in line item amounts.

Increase in salary amounts. Covers a 4.5% increase in classified and a 5.0% increase in unclassified in each fiscal year. There is no anticipated change in complement.

Increase in miscellaneous payroll. Covers the additional number of days board members will have to spend on board business as a result of the rule changes in educational requirements and oral examinations cited above. It is estimated that for every member day spent in application review and oral examinations at present, 2 member days will have to be spent beginning with F.Y. 1992.

Increase in rents and leases. Covers the cost of renting facilities and tables for administering the written examination. During F.Y. 1990 that cost is \$600 per administration, or \$1,200 per year. The base amount covers only rental of office space.

Increase in printing and binding. Covers the need to print new forms when the new educational requirements take effect and to provide manuals and printed examinations when the new "field of practice" oral is implemented.

Increase in consultant services. Covers the cost of review and critique of the "field of practice" oral by a professional to ensure that all test materials used are parallel in construction, provide fairness and uniformity in scoring, etc. The increase also covers the services provided by non-board members who may be needed to help administer the oral examinations.

Decrease in purchased services. This reflects the changeover from including the cost of the written examination in the budget (as was the case through F.Y. 1990) having the applicants pay the testing service directly. A small amount is left in this budget item for F.Y. 1992 to cover the cost of the examination for each applicant who paid the amount to the board before the changeover and who deferred taking the examination. It is estimated that more than 40 such applicants (at \$135 per exam) will still be in the "deferred" file as of 7-1-91. It is anticipated that no such applicants will remain as of 7-1-92. The funds allocated for examinations, therefore, can be reallocated for other needs as shown.

Increase in out-of-state travel and subsistence funds. Covers anticipated increases in air travel and lodging rates and to allow additional board members to attend a conference/meeting related to their duties as regulatory board members. The base amount would cover the cost of attendance of no more than 4 members at out-of-state meetings. The increase would permit another 4 members to benefit from board-related conferences.

Increase in supplies/material/parts. Covers replacement of equipment and furniture as it ages and wears out. For example, 1 typewriter dates from the 1970s, and much of the office furniture was either purchased when the board was created in 1973 or was not new when acquired. Funds for this purpose were budgeted in the F.Y. 1990-1991 appropriations. However, other expenses used up the amount which had been set aside.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan. The Governor also recommends additional funding of \$60,000 be appropriated to the Board to offset an expected F.Y. 1991 deficiency. This funding should only be allotted should the disciplinary matters develop into contested cases. If additional funding is required, the Board should request that funding be through the LAC process in F.Y. 1992.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: PSYCHOLOGY, BOARD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF PSYCHOLOGY	180	235	207	210	214	214	209	213	213
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	180	235	207	210	214	214	209	213	213
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	180	235	207	210	214	214	209	213	213
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	180	235	207	210	214	214	209	213	213
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	172								
STATE GOVT SPEC REV		232	200	203	207	207	202	206	206
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	8								
STATE GOVT SPEC REV		3	7	7	7	7	7	7	7
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	180	235	207	210	214	214	209	213	213
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: PSYCHOLOGY, BOARD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	207	207			207	207		
SALARY ANNUALIZATION	2	1			2	1		
DOCUMENTED RENT/LEASE INCR.	1	1			1	1		
TOTAL	210	209			210	209		
BIENNIAL TOTAL		419				419		

ACTIVITY: 1992-93 Biennial Budget.
PROGRAM:
AGENCY: Psychology, Board of
DECISION ITEM: F.Y. 1991 Deficiency

	Dollars in Thousands			
	<u>F.Y. 1991</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>

AGENCY PLAN:

Expenditures					
Special Revenue Fund	\$ 60	\$ -0-	\$ -0-	\$ -0-	

GOVERNOR'S RECOMMENDATION:

Expenditures					
Special Revenue Fund	\$ 60	\$ -0-	\$ -0-	\$ -0-	

Requires statutory change: _____ Yes X No
 Statutes Affected:

ITEM SUMMARY:

Request is for authority to increase the F.Y. 1991 expenditure authorization by \$60,000 to cover the costs associated with holding two contested case hearings with respect to two licensees against whom allegations of serious violations of law and rule have been filed. Evidence supports the allegations.

The boards's appropriations for F.Y. 1991 for direct expenditures is \$197,000. It is anticipated that the boards' ordinary expenses will consume about \$194,000 of the appropriation. There will, therefore, be insufficient spending authority to pursue even one contested case, let alone two, in this fiscal year, without having to spending authority increased. The fee rule when adopted will provide sufficient revenue to cover the budget portion of the costs related to contested case hearings as well as the non-budget portion represented by fees charged by the Attorney General's office. It is imperative that the disciplinary process be initiated this year to ensure that the licensees in question do not remain undisciplined any longer than absolutely necessary.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

MISSION:

Adoption of M.S. 148B in the 1987 Legislative session established the Office of Social Work and Mental Health Board, the Board of Social Work, the Board of Marriage and Family Therapy, and the Board of Unlicensed Mental Health Service Providers.

MAJOR POLICY ISSUES:

The legislature enacted licensure laws for the occupations of social work, and marriage and family therapy in 1987. That same year, the legislature also enacted legislation aimed at regulating unlicensed providers of mental health services. An autonomous Board of Unlicensed Mental Health Providers was established to identify providers who were not licensed under existing law and to provide jurisdiction for consumer complaints against unlicensed providers.

All three of the boards created in 1987 were to operate as part of a newly established composite structure, the Office of Mental Health and Social Work Boards. The creation of the office itself was intended to increase administrative efficiency by capitalizing on economies of scale.

As a result of various fiscal and administrative issues associated with the arrangement, the 1990 Legislature directed to the Commissioner of Health to convene an interagency task force to study the existing system of regulating and monitoring licensed and unlicensed individuals who provide a range of mental health services and to make recommendations for administrative improvements in that system. That Task Force report is scheduled to be released in February of 1991.

ACTIV.
PROGRAM:
AGENCY: Psychology, Board of

1992-93 Biennial Budget

DECISION ITEM:

AGENCY PLAN:

Expenditures

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995
Special Revenue	\$ 4	\$ 4	\$ 4	\$ 4

Revenues

Special Revenue	\$ 4	\$ 4	\$ 4	\$ 4
-----------------	------	------	------	------

GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$ 4	\$ 4	\$ 4	\$ 4
-----------------	------	------	------	------

Revenues

Special Revenue	\$ 4	\$ 4	\$ 4	\$ 4
-----------------	------	------	------	------

Requires statutory change: _____ Yes ☒ No
Statutes Affected:

ITEM SUMMARY:

The Board is requesting additional funding for operating costs.

RATIONALE:

The requested salary amounts will accommodate a 4.5 percent increase in classified and a 5.0 percent increase in unclassified in each fiscal year. There is no anticipated change in complement.

The requested increase in miscellaneous payroll will cover the additional number of days Board members will have to spend on Board business as a result of the rule changes in educational requirements and oral examinations cited above. It is estimated that for every member day spent in application review and oral examinations at present, 2 member days will have to be spent beginning with F.Y. 1992.

The requested increase in rents and leases is needed to cover the cost of renting facilities and tables for administering the written examination. During F.Y. 1990 that cost is \$600 per administration, or \$1,200 per year. The BASE amount covers only rental of office space.

The requested increase in printing and binding is due to the need to print new forms when the new

educational requirements take effect and to provide manuals and printed examinations when the new "field of practice" oral is implemented.

The requested increase in consultant services is intended to cover the cost of review and critique of the "field of practice" oral by a professional to ensure that all test materials used are parallel in construction, provide fairness and uniformity in scoring, etc. The increase would also cover the services provided by non-board members who may be needed to help administer the oral examinations.

The decrease in purchased services reflects the changeover from including the cost of the written examination in the budget (as was the case through F.Y. 1990) to removing it and having the applicants pay the testing service directly. A small amount is left in this budget item for F.Y. 1992 to cover the cost of the examination for each applicant who paid the amount to the Board before the changeover and who deferred taking the examination. It is estimated that more than 40 such applicants (at \$135 per exam) will still be in the "deferred" file as of 7/1/91. It is anticipated that no such applicants will remain as of 7/1/92. The funds allocated for examinations, therefore, can be reallocated for other needs as shown.

The request for added out-of-state travel and subsistence funds is made to cover anticipated increases in air travel and lodging rates and to allow additional board members to attend a conference/meeting related to their duties as regulatory board members. The BASE amount would cover the cost of attendance of no more than 4 members at out-of-state meetings. The increase would permit another 4 members to benefit from board-related conferences.

The request for an increase in supplies/material/parts is made to cover replacement of equipment and furniture as it ages and wears out. For example, 1 typewriter dates from the 1970s, and much of the office furniture was either purchased when the Board was created in 1973 or was not new when acquired. Funds for this purpose were budgeted in the F.Y. 1990-1991 appropriations. However, other expenses used up the amount which had been set aside.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SOC WRK & MNT HLTH BDS
HEALTH BOARDS

ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OFFICE OF SOCIAL WORK	147	226	296	301	301		301	301	
BOARD OF SOCIAL WORK	129	170	146	147	415	415	147	415	415
MARRIAGE & FAMILY THERAPY	83	89	87	87	99	99	87	99	99
UNLICENSED MH PROVIDERS	86	107	100						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	445	592	629	535	815	514	535	815	514
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	445	592	629	535	815	514	535	815	514
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	445	592	629	535	815	514	535	815	514
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	444								
STATE GOVT SPEC REV		584	602	513	789	500	513	789	500
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	1								
STATE GOVT SPEC REV		8	27	22	26	14	22	26	14
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	445	592	629	535	815	514	535	815	514

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: SOC WRK & MNT HLTH BDS

	ALL FUNDS		GENERAL FUND.		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	629	629			629	629		
SUNSET PROGRAMS	<100>	<100>			<100>	<100>		
SALARY ANNUALIZATION	5	3			5	3		
DOCUMENTED RENT/LEASE INCR.	1	3			1	3		
TOTAL	535	535			535	535		
BIENNIAL TOTAL		1,070				1,070		

PROGRAM: Office of Social Work and Mental Health Boards
AGENCY: Social Work and Mental Health Boards, Office of

1992-93 Biennial Budget

MISSION:

The Office of Social Work and Mental Health Boards was established under the 1987 M.S. 148B to coordinate the administrative and staff functions of the Boards of Marriage and Family Therapy, Social Work, and Unlicensed Mental Health Service Providers and to collect and publish information as provided in Ch. 148B and Ch. 214.07.

MAJOR POLICY DRIVERS:

The Office of Social Work and Mental Health Boards strives to serve the needs of the 3 boards, both individually and collectively, so as to enhance the governance of regulated professionals, provide for public protection, and assist in joint policy direction on issues related to the governance of regulated professions.

The office is organized through an Executive Committee which is comprised of the Chairperson and Vice-chair of the Boards of Marriage and Family Therapy, Social Work, Unlicensed Mental Health Service Providers, and as non-voting members, the Executive Director's of the aforementioned Boards and Office of Social Work and Mental Health Boards. The Executive Committee was established to achieve the following mission-related objectives:

- to provide for the administrative procedures for the handling of activities and functions necessary to issue licenses and filings, renewals, and the processing of complaints, so that effective and efficient public responses are maintained.
- to provide a structure of working relationships between the boards, so that communications is enhanced.
- to provide staffing and resources so that the administrative functions of the boards are carried out in a timely manner.
- to plan for and anticipate, in conjunction with the boards collectively and each board individually, staffing and resource needs which are necessary to carry out the given objectives of the boards.
- to carry out joint training functions so that new and existing staff are trained in the philosophy and specific objectives of each of the boards, and of the boards collectively.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The Office of Social Work and Mental Health Boards is requesting an annual budget of \$288,000 for F.Y. 1992 and \$288,000 for F.Y. 1993. This funding covers the operational costs of the Office which provides services to the Boards of Marriage and Family Therapy, Social Work, and Unlicensed Mental Health Service Providers. No change in funding is requested at this time.

The boards for which the Office of Social Work and Mental Health Boards provides administrative support are required to generate fees to cover the operational costs of the office budget.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the preliminary recommendations of the Interagency Task Force on Mental Health Regulation. Specifically, the Governor recommends that the Boards of Social Work and Marriage and Family Therapy operate autonomously and that the Board of Unlicensed Mental Health Service Providers be allowed to sunset as scheduled.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SOC WRK & MNT HLTH BDS
PROGRAM: HEALTH BOARDS
OFFICE OF SOCIAL WORK

ACTIVITY SUMMARY	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									

STATE OPERATIONS	147	226	296	301	301		301	301	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	147	226	296	301	301		301	301	
SOURCES OF FINANCING:									

DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	146								
STATE GOVT SPEC REV		223	284	289	289		289	289	
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	1								
STATE GOVT SPEC REV		3	12	12	12		12	12	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	147	226	296	301	301		301	301	

PROGRAM: Social Work, Board of
Agency: Social Work and Mental Health Boards

1992-93 Biennial Budget

MISSION:

The Minnesota Board of Social Work's mission is to provide protection to the public with respect to the practice of social work.

The board strives to fulfill its mission through various licensure and regulatory activities, as defined in M.S. 148B.

Mission-related activities include:

- to examine eligible candidates for licensure as a licensed social worker, licensed graduated social worker, licensed independent social worker, and licensed independent clinical social worker;
- to renew licenses biennially for the 4 levels of licensure;
- to process complaints and educate the public and licensees about the complaint process;
- to review continuing social work education requests and enforce requirements;
- to maintain accurate records which include evidence of compliance to continuing education and supervision requirements for licensees; and
- to develop and implement rules governing social work practice.

MAJOR POLICY DRIVERS:

The board is still in a developmental stage. New systems and procedures are being developed and implemented. The following are the board's major policy drivers:

Complaints: the board has registered approximately 135 complaints since its establishment in 1987. As the public has become more aware of the existence of the board and its functions, the number of complaints has increased at a steady rate, as well as the complexity of complaint issues.

Licensure: the board has licensed approximately 8,650 social workers through the transitional grandpersoning period, licensure examinations, and reciprocity.

Licensure Examination: the board administers at least 2 licensure examinations per year. The board estimates that more than 400 individuals will be eligible to take the examination per year.

The board, in conjunction with the Office of Social Work and Mental Health Boards, is currently developing a licensee database, a computerized complaint registration and monitoring system, and a computerized continuing education system which will ensure compliance with the established statutory mandates.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

Budget History/Background

M.S. 148B created an Office of Social Work and Mental Health Boards which provides staffing/administrative assistance to 3 mental health boards, including the Board of Social Work. A significant amount of the office staff time is spent on activities associated with the Board of Social Work.

During F.Y. 1990, the board received an LAC allocation in the amount of \$86,000. The Legislature appropriated a Supplemental Budget in the amount of \$82,000 for F.Y. 1991.

Both allocations were necessary to cover expenditures associated with a larger number of licensees than originally estimated. Fees generated by the board recovered those additional appropriation amounts.

Budget Request and Issues

Although the Board of Social Work is requesting several structural changes, the overall appropriation amount is not an increase. The board's request is a combination of 80% of the office request and 100% of the board request and is funded by non-dedicated receipts collected by the board. The Board of Social Work's biennial budget request is based on the following assumptions:

1. the Board of Social Work exists in an autonomous manner;
2. the Board of Marriage and Family exists in an autonomous manner;
3. the Board of Unlicensed Mental Health Providers sunsets as scheduled; and
4. the permanent complement positions of the Office of Social Work and Mental Health Boards are transferred to the Board of Social Work and the office no longer exists.

The non-dedicated revenue collected by the Board of Social Work currently covers operational costs of the board and approximately 80% of the operational costs for the office. The requested appropriation level would enable the board to continue existing operations.

1992-93 Biennial Budget Request:

F.Y. 1992	\$ 415,000
F.Y. 1993	415,000
Total	\$ 830,000

Budget Reallocation Decisions

The board currently employs 1 full-time temporary Staff Social Worker. The board has determined that the need for the Staff Social Worker complement will be ongoing. Therefore, we are requesting this position to be a permanent complement. The salary for this position is included in the base level request. Additional funds are requested for employee benefits.

To ensure utmost public protection and to expedite the complaint process, the board is requesting a permanent complement position and funding for 1 professional position to assist in the processing of complaints, informing the public about the board's complaint process, participate in public outreach programs, and assist in the coordination of other board functions.

The Board of Social Work requests that 6.0 complement positions currently allocated to the office be transferred to the board. This transfer (creating new positions) of complement positions would allow the board to continue operations.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the preliminary recommendations of the Interagency Task Force on Mental Health Regulation. Specifically, the Governor recommends that the Board of Social Work and Marriage and Family Therapy operate autonomously and that the Board of Unlicensed Mental Health Service Providers be allowed to sunset as scheduled.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SOC WRK & MNT HLTH BDS
PROGRAM: HEALTH BOARDS
BOARD OF SOCIAL WORK

ACTIVITY SUMMARY	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DETAIL BY CATEGORY:									
STATE OPERATIONS	129	170	146	147	415	415	147	415	415
TOTAL EXPENDITURES BY CATEGORY	129	170	146	147	415	415	147	415	415
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	129								
STATE GOVT SPEC REV		169	141	142	406	406	142	406	406
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		1	5	5	9	9	5	9	9
TOTAL FINANCING	129	170	146	147	415	415	147	415	415

1992-93 Biennial Budget

ACTIVITY:
PROGRAM: Social Work, Board of
AGENCY: Social Work and Mental Health Boards

DECISION ITEM: Staffing and Operations Costs

	Dollars in Thousands			
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995

AGENCY PLAN:

Expenditures

Special Revenue	\$ 268	\$ 268	\$ 268	\$ 268
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Revenues

Special Revenue	\$ 268	\$ 268	\$ 268	\$ 268
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GOVERNOR'S RECOMMENDATION:

Expenditures

Special Revenue	\$ 268	\$ 268	\$ 268	\$ 268
-----------------	--------	--------	--------	--------

Revenues

Special Revenue	\$ 268	\$ 268	\$ 268	\$ 268
-----------------	--------	--------	--------	--------

Requires statutory change: X Yes No

Statutes Affected: M.S. 148B.01-.171

ITEM SUMMARY:

The Board of Social Work requests the following budget reallocations:

1. the reallocation of a temporary staff social worker position to a permanent complement position with funding for benefits;
2. the creation of a permanent professional position to assist in the processing of complaints with funding for benefits; and
3. the transfer of complement positions currently allocated to the Office and funding for these new positions and additional operating costs.

RATIONALE:

The board currently employs one full time temporary staff social worker. The board has determined that the need for the staff social worker complement will be ongoing. Therefore, the board is requesting this position to be a permanent complement. The salary for this position is included in the base level request. Additional funds are requested for employee benefits.

To ensure utmost public protection and to expedite the complaint process, the board is requesting a permanent complement position and funding for this position to assist in the processing of complaints, informing the public about the board's complaint process, participation in public outreach programs, and to assist in the coordination of other related board functions.

The board requests that 6 of the 6.5 complement positions currently allocated to the Office of Social Work and Mental Health be transferred (creating new positions) to the board and funding for these positions and additional operating costs.

The total budget reallocation request is \$268,000 per fiscal year.

These budget reallocation requests would enable the board to continue existing operations in an autonomous manner. These reallocation expenditures will be offset by anticipated receipts collected by the board.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM: Marriage and Family Therapy, Board of
AGENCY: Social Work and Mental Health Bonds

1992-93 Biennial Budget

per year to fund this position.

MISSION:

The Minnesota Board of Marriage and Family Therapy was established under the 1987 M.S. 148B to regulate the marriage and family therapy profession. It is the board's mission to ensure utmost protection of the public with respect to the practice of marriage and family therapy.

MAJOR POLICY DRIVERS:

The Board of Marriage and Family Therapy strives to serve the needs of public protection through its licensing and regulation of marriage and family therapists and through the following mission-related activities:

- oral and written examination of candidates for licensure.
- renewal of licenses for its current approximate 750 licensees.
- acting on approximately 25 complaints.
- approving programs for continuing education in marriage and family therapy.
- recording continuing education requirements for 750 marriage and family therapy professionals.
- developing and applying rules governing marriage and family therapy practice.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The Board of Marriage and Family Therapy is requesting an annual budget of \$99,000 for F.Y. 1992 and \$99,000 for F.Y. 1993. This funding covers the operational costs of the board. The board sets fees to ensure recovery of the costs of its operation.

BASE REALLOCATION DECISIONS

On 11-1-90 the Board of Marriage and Family Therapy will be relocating the board office to a separate location from the Office of Social Work and Mental Health Boards. Premise:

- The board feels that it could more expediently and economically execute the functions of the board with status independent of the office.
- The Board of Marriage and Family Therapy feels that this would not only relieve the additional administrative burden put on the board, but would also give the board the needed visibility to adequately meet the needs of the public and the licensees.

The Board of Marriage and Family Therapy recognizes that the Legislature mandates the administrative coordination of the 3 boards through the Office of Social Work and Mental Health Boards and the board will continue to operate within the statute.

The Board of Marriage and Family Therapy will contract with the office through its executive committee for coordination of administrative and financial activities.

The Board of Marriage and Family Therapy feels it has entered into an amicable separation with the Boards of Social Work and Unlicensed Mental Health Service Providers and feel confident that a continued cooperative working relationship in serving the public will continue. For this reason, the Board of Marriage and Family Therapy will continue to attend the meetings of the executive committee of the Office of Social Work and Mental Health Boards.

To assure that the needs of public protection are met, the board will need to hire its own Clerical Support Representative to replace the support it previously received from the Office of Social Work and Mental Health. The board has also reduced the position complement of its Executive Director (E.D.) to offset part of this cost. The board is authorized under M.S. Ch. 214.07 to hire staff and employee resources to carry out the board's functions, and is requesting a new increase of \$12,000

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the preliminary recommendations of the Interagency Task Force on Mental Health Regulation. Specifically, the Governor recommends that the Boards of Social Work and Marriage and Family Therapy operate autonomously and that the Board of Unlicensed Mental Health Service Providers be allowed to sunset as scheduled.

1992-1993 BIENNIAL BUDGET
(DOLLARS IN THOUSANDS)

AGENCY: SOC MRK & MNT HLTH BDS
PROGRAM: HEALTH BOARDS
MARRIAGE & FAMILY THERAPY

ACTIVITY SUMMARY	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DETAIL BY CATEGORY:									
STATE OPERATIONS	83	89	87	87	99	99	87	99	99
TOTAL EXPENDITURES BY CATEGORY	83	89	87	87	99	99	87	99	99
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	83								
STATE GOVT SPEC REV		87	82	82	94	94	82	94	94
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		2	5	5	5	5	5	5	5
TOTAL FINANCING	83	89	87	87	99	99	87	99	99

ACTIVITY:**1992-93 Biennial Budget****PROGRAM:** Marriage and Family Therapy, Board of**AGENCY:** Social Work and Mental Health Boards**DECISION ITEM:** Staffing Increase Due to Restructuring

Dollars in Thousands

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>
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AGENCY PLAN:**Expenditures**

Special Revenue	\$ 12	\$ 12	\$ 12	\$ 12
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Revenues

Special Revenue	\$ 12	\$ 12	\$ 12	\$ 12
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GOVERNOR'S RECOMMENDATION:**Expenditures**

Special Revenue	\$ 12	\$ 12	\$ 12	\$ 12
-----------------	-------	-------	-------	-------

Revenues

Special Revenue	\$ 12	\$ 12	\$ 12	\$ 12
-----------------	-------	-------	-------	-------

Requires statutory change: _____ Yes X No

Statutes Affected:

ITEM SUMMARY:

The board is requesting an appropriation of \$12,000 each year of the biennium in order to fund support staff activities.

RATIONALE:

The board feels it could more expediently and economically execute the functions of the board with status independent of the Office of Social Work and Mental Health Boards. The board feels this would not only relieve the additional administrative burden put on the board, but would also give the board the needed visibility to adequately meet the needs of the public and the licensees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

PROGRAM: Mental Health Service Providers (Unlicensed), Board of
AGENCY: Social Work and Mental Health Boards

1992-93 Biennial Budget

MISSION:

The Minnesota Board of (Unlicensed) Mental Health Service Providers was established to regulate the mental health professionals who are not otherwise licensed or regulated. (M.S. 148B.40, 1987) The mission of the board is to provide a system of consumer protection and information that protects the public from immoral, unethical and illegal exploitation by mental health service providers.

MAJOR POLICY DRIVERS:

The Board of Unlicensed Mental Health Service Providers believe the following factors drive policy and budget:

- Reviewal, approval, denial and renewal of applications.
- Acting on complaints which are increasingly complex and costly to investigate and prosecute.
- Continued development of rules governing the practice of unregulated mental health service. (controversial)
- Provide consumer information.
- Establish and maintain complaint file as required under M.S. 148B.07.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

- Board is scheduled to sunset 6-30-91.
- Legislative task force is to make recommendations concerning the continued registration of mental health service providers-how to fund this activity-and the future of the 3 Board Social Work and Mental Health structure.
- Board may be phased out and functions moved to an administrative agency.
- (100 +) of increasingly complex complaints many of which allege unauthorized practice and considerable public harm.
- Chapter 568 Article 2 Section 94, (laws of 1990) exempt board from recovering operating expenses through fiscal year 1991.
- Change requests relate to \$60,000 for transfer of support position from Office of Social Work and Mental Health Boards. \$18,000 for cost of expanding data processing and investigation and consultation.

LEGISLATIVE INITIATIVES

- Should board continue? If so,
- change name and make other technical amendments,
- clarify definition-who must file,
- move staff support from Office of Social Work to board budget, and
- establish funding BASE.

The board would require an appropriation of \$130,000 for F.Y. 1992 and \$140,000 for F.Y. 1993 for operations.

BASE REALLOCATION DECISIONS

Establishing Disciplinary Index

The Board of Mental Health Service Providers was founded as an experimental board to determine the best way to regulate, heretofore, unlicensed and unregulated mental health service providers. To date the board has continued to receive large numbers of reports of ethical misconduct concerning mental health providers who have been previously licensed or registered. The board often deals with

reports of unauthorized practice or with practices that are not clearly jurisdictional with other boards, but which deal with practices which are clearly harmful to the public.

So that the board may continue to carry out its function of guarding the public against providers, it is necessary to set up a tracking index to monitor reports received from professional societies, insurance companies, courts, hospitals, institutions, etc. as specified in 148B. 07; which are not within the jurisdiction of other boards.

\$10,000 would be necessary for the biennium to develop this index.

INVESTIGATION OF UNREGULATED MENTAL HEALTH SERVICE PROVIDERS

Additional staffing resources are needed to conduct complex preliminary investigations to determine jurisdiction of complaints received and/or whether individuals are still practicing mental health services as alleged. Most often, the complaints reaching this board are neither licensed or regulated by any other board necessitating additional investigation.

\$8,000 would be necessary for the biennium to allow for additional contracting and/or limited investigations.

STAFFING

The board is requesting a transfer within the total appropriation of the boards and the Office of Social Work and Mental Health for one support position to be transferred from the office allocation to the Board of Mental Health Service Providers. This transfer would fund:

- A Secretarial/Support Representative at a Clerk Typist III level who would:
 - a. Focus on work and mission of the board,
 - b. assist with preliminary investigation of complaints, and tracking of disciplinary actions concerning mental health providers,
 - c. provide the board administrative back-up.
- Reallocation of staff is consistent with Chapter 214.07 allowing boards to hire staff and employee resources to carry out their function.

The board would require an appropriation of \$30,000 per year to fund this position.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the preliminary recommendations of the Interagency Task Force on Mental Health Regulation. Specifically, the Governor recommends that the Boards of Social Work and Marriage and Family Therapy operate autonomously and that the Board of Unlicensed Mental Health Service Providers be allowed to sunset as scheduled.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: SOC WRK & MNT HLTH BDS
PROGRAM: HEALTH BOARDS
UNLICENSED MH PROVIDERS

ACTIVITY SUMMARY	FY 1989	FY 1990	Est. FY 1991	FY 1992			FY 1993		
				Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
DETAIL BY CATEGORY:									
STATE OPERATIONS	86	107	100						
TOTAL EXPENDITURES BY CATEGORY	86	107	100						
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	86								
STATE GOVT SPEC REV		105	95						
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV		2	5						
TOTAL FINANCING	86	107	100						

AGENCY: Veterinary Medicine, Board of

1992-93 Biennial Budget

MISSION:

The Board of Veterinary Medicine is the licensing agency for veterinarians in Minnesota, established under M.S.156 to ensure that veterinary practitioners meet and maintain competency standards.

The board accomplishes its mission by reviewing all license applications, preparing and administering the State Board Examination and administering the National Board Examination and Clinical Competency Test to qualified applicants. Consumer complaints are processed and investigated. When indicated, the board inspects veterinary premises for sanitation, conducts license disciplinary hearings and disciplines veterinarians found to be in violation of M.S.156. The board also develops, alters or amends rules governing the practice of veterinary medicine in Minnesota. Routinely, fees are collected for annual license renewal, certifying new veterinary corporations, and annually renewing current corporations.

MAJOR POLICY DRIVERS:

As public awareness increases regarding competency and ethical issues for individual practitioners and also regarding consumer food safety--particularly drug residues in meat, milk and eggs--the board has taken and will take a proactive role in developing new legislation and rules more closely defining the standards of practice and ethics expected of an individual licensed to practice veterinary medicine in Minnesota. New rules governing veterinary practice are being developed by the board with a goal of final approval early in F.Y. 1992.

Because of the phaseout of centralized licensing services, the Board of Veterinary Medicine will assume the administrative function of annually processing license renewals for approximately 2700 licensees. In addition, the board will propose mandatory continuing education requirements for veterinarians effective in F.Y. 1993, which will further increase the need for data processing capability available to board staff.

To ensure all qualified licensure candidates have the opportunity to equitably demonstrate the knowledge level necessary to competently practice veterinary medicine in Minnesota, the board maintains close relationship with the American Association of Veterinary State Boards, the National Board Examination Committee of the American Veterinary Medical Association and the University of Minnesota College of Veterinary Medicine for the purpose of establishing standardized criteria for licensure and standardized tests to measure a candidate's ability to meet those criteria. As the trend in veterinary medicine appears to be moving toward specialist education and practice, changes in testing and licensing procedures will have to be adopted by the board to assure a continued availability of quality, competent veterinary practitioners to the animal owners of Minnesota.

EXPLANATION OF BUDGET ISSUES AND ALTERNATIVES:

The board sets fees to ensure recovery of the costs of its operation.

Base Reallocation Decisions

1. Veterinary Licensing	F.Y. 1992	\$ 4.0	F.Y. 1993	\$ 3.0
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In F.Y. 1991, the board developed and partially implemented an in-house computer system for the license renewal process. This was done in response to the impending elimination of the Department of Administration's centralized computer system for statewide licensing. Additional data processing related expenditures are necessary to complete development of the system for license processing and to purchase necessary peripherals, software and cabinetry, plus programming assistance, for tracking continuing education compliance of licensees, which is expected to come on line in F.Y. 1993.

2. Rulemaking (Standards of Practice and Continuing Education)	F.Y. 1992	\$ 1.0	F.Y. 1993	\$ 1.0
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The board is now in the process of developing and publishing rules defining standards of practice and will, during this biennium, also be developing and publishing rules implementing continuing education requirements for licensees. Attorney General, Revisor, and publication costs will be incurred by the board during this process.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

1992-1993 B I E N N I A L B U D G E T
(DOLLARS IN THOUSANDS)

AGENCY: VETERINARY MED, BD OF
PROGRAM: HEALTH BOARDS

				FY 1992			FY 1993		
ACTIVITY RESOURCE ALLOCATION:	FY 1989	FY 1990	Est. FY 1991	Adjusted Base	Agency Plan	Governor Recomm.	Adjusted Base	Agency Plan	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
BD OF VETERINARY MEDICINE	91	101	107	109	114	114	108	112	112
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	91	101	107	109	114	114	108	112	112
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DETAIL BY CATEGORY:									
=====									
STATE OPERATIONS	91	101	107	109	114	114	108	112	112
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY CATEGORY	91	101	107	109	114	114	108	112	112
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
SP REV DIRECT APPROP	85								
STATE GOVT SPEC REV		99	103	105	110	110	104	108	108
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
SP REV DIRECT APPROP	6								
STATE GOVT SPEC REV		2	4	4	4	4	4	4	4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	91	101	107	109	114	114	108	112	112

BASE RECONCILIATION REPORT
for 1992-1993 Biennium

AGENCY: VETERINARY MED, BD OF

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93	F.Y.92	F.Y.93
F.Y.91 FUNDING LEVEL	107	107			107	107		
SALARY ANNUALIZATION	2				2			
DOCUMENTED RENT/LEASE INCR.		1				1		
TOTAL	109	108			109	108		
BIENNIAL TOTAL		217				217		

AGENCY: Veterinary Medicine, Board of

DECISION ITEM: Systems Request

All expenditures are offset by revenue generated through license fees.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

AGENCY PLAN:

	Dollars in Thousands							
	F.Y. 1992	F.Y. 1993	F.Y. 1994	F.Y. 1995				
Expenditures								
Special Revenue	\$ 5	\$ 4	\$ 4	\$ 4				
Revenues								
Special Revenue	\$ 5	\$ 4	\$ 4	\$ 4				

GOVERNOR'S RECOMMENDATION:

Expenditures								
Special Revenue	\$ 5	\$ 4	\$ 4	\$ 4				
Revenues								
Special Revenue	\$ 5	\$ 4	\$ 4	\$ 4				

Requires statutory change: _____ Yes X No
Statutes Affected:

ITEM SUMMARY:

The Board of Veterinary Medicine needs to purchase additional data processing related equipment, supplies and technical assistance in order to complete the development of an efficient in-house computer system fully capable of handling license renewal and anticipated continuing education compliance reports for 2,700 licensees. Also anticipated are increased expenditures for extensive rule development defining standards of practice and implementing mandatory continuing education requirements.

RATIONALE:

The Board had to develop its own data processing resources to handle the annual license renewal process when it was learned that the Department of Administration's centralized computer system for statewide licensing would be phased out. We have gone through 1 renewal cycle with our own system, and have found some inefficiencies existing in the system that can readily be corrected and, in addition, bring the system up to the capabilities that will be required for recording and processing data on anticipated mandatory continuing education requirements to be established in F.Y. 1993.

New rules are well on the way to being developed which will more clearly define standards of the practice and disciplinary grounds for veterinarians. A longer term goal of the Board is to mandate continuing education requirements for licensees. Attorney General, Revisor and publication costs

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Proposed biennial budget

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