

CHAPTER 272—H.F.No. 2867

An act relating to state government; appropriating money for prekindergarten through grade 12 education, including general education, education excellence, special programs, and facilities and technology; early childhood and family education, including early childhood family support, prevention, and self-sufficiency and lifelong learning; libraries; and health and human services; setting priorities for use of additional revenues; modifying certain bonding, loan, and financial provisions of the public facilities authority; amending Minnesota Statutes 2002, sections 446A.12, subdivision 1; 446A.14; 446A.17; 446A.19; Minnesota Statutes 2003 Supplement, sections 16A.152, subdivision 2; 123B.54; Laws 2003, First Special Session chapter 9, article 1, section 53, subdivisions 2, 3, 5, 6, 11, 12; Laws 2003, First Special Session chapter 9, article 2, section 55, subdivisions 2, 3, 4, 5, 7, 9, 12; Laws 2003, First Special Session chapter 9, article 3, section 20, subdivisions 4, 5, 6, 7, 8, 9; Laws 2003, First Special Session chapter 9, article 4, section 31, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 5, section 35, subdivisions 2, 3; Laws 2003, First Special Session chapter 9, article 6, section 4; Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3; Laws 2003, First Special Session chapter 9, article 8, section 7, subdivisions 2, 5; Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2; Laws 2003, First Special Session chapter 14, article 13C, sections 1; 2, subdivisions 1, 3, 6, 7, 9, 11; 10, subdivisions 1, 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA: .

ARTICLE 1

PREKINDERGARTEN THROUGH GRADE 12 EDUCATION

A. GENERAL EDUCATION

Section 1. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 2, is amended to read:

Subd. 2. **GENERAL EDUCATION AID.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$4,764,384,000	<u>\$4,726,466,000</u>	.....	2004
\$5,090,303,000	<u>\$5,026,983,000</u>	.....	2005

The 2004 appropriation includes ~~\$857,432,000~~ \$860,552,000 for 2003 and ~~\$3,906,952,000~~ \$3,865,914,000 for 2004.

The 2005 appropriation includes ~~\$1,009,856,000~~ \$1,009,822,000 for 2004 and ~~\$4,080,447,000~~ \$4,017,161,000 for 2005.

Sec. 2. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 3, is amended to read:

Subd. 3. **REFERENDUM TAX BASE REPLACEMENT AID.** For referendum tax base replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

New language is indicated by underline, deletions by ~~strikeout~~.

\$7,841,000	\$8,096,000	.....	2004
<u>\$8,543,000</u>	<u>\$8,596,000</u>	.....	2005

The 2004 appropriation includes \$1,419,000 for 2003 and ~~\$6,422,000~~ \$6,677,000 for 2004.

The 2005 appropriation includes ~~\$1,605,000~~ \$1,669,000 for 2004 and ~~\$6,938,000~~ \$6,927,000 for 2005.

Sec. 3. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 5, is amended to read:

Subd. 5. **ABATEMENT REVENUE.** For abatement aid under Minnesota Statutes, section 127A.49:

\$2,680,000	\$2,436,000	.....	2004
<u>\$2,937,000</u>	<u>\$1,559,000</u>	.....	2005

The 2004 appropriation includes \$472,000 for 2003 and ~~\$2,208,000~~ \$1,964,000 for 2004.

The 2005 appropriation includes ~~\$551,000~~ \$491,000 for 2004 and ~~\$2,386,000~~ \$1,068,000 for 2005.

Sec. 4. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 6, is amended to read:

Subd. 6. **CONSOLIDATION TRANSITION.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$207,000	\$ 35,000	.....	2004
<u>\$697,000</u>	<u>\$145,000</u>	.....	2005

The 2004 appropriation includes \$35,000 for 2003 and ~~\$172,000~~ \$0 for 2004.

The 2005 appropriation includes ~~\$42,000~~ \$0 for 2004 and ~~\$565,000~~ \$145,000 for 2005.

Sec. 5. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 11, is amended to read:

Subd. 11. **NONPUBLIC PUPIL AID.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$14,626,000	\$14,411,000	.....	2004
<u>\$15,594,000</u>	<u>\$15,072,000</u>	.....	2005

The 2004 appropriation includes \$2,715,000 for 2003 and ~~\$11,911,000~~ \$11,696,000 for 2004.

The 2005 appropriation includes ~~\$2,977,000~~ \$2,923,000 for 2004 and ~~\$12,617,000~~ \$12,149,000 for 2005.

Sec. 6. Laws 2003, First Special Session chapter 9, article 1, section 53, subdivision 12, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 12. **NONPUBLIC PUPIL TRANSPORTATION.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$21,477,000	<u>\$20,471,000</u>	.....	2004
\$21,982,000	<u>\$21,421,000</u>	.....	2005

The 2004 appropriation includes \$3,990,000 for 2003 and \$17,487,000 \$16,481,000 for 2004.

The 2005 appropriation includes ~~\$4,371,000~~ \$4,120,000 for 2004 and ~~\$17,611,000~~ \$17,301,000 for 2005.

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 2, is amended to read:

Subd. 2. **CHARTER SCHOOL BUILDING LEASE AID.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$17,140,000	<u>\$16,753,000</u>	.....	2004
\$21,018,000	<u>\$21,347,000</u>	.....	2005

The 2004 appropriation includes \$2,524,000 for 2003 and \$14,616,000 \$14,229,000 for 2004.

The 2005 appropriation includes ~~\$3,654,000~~ \$3,557,000 for 2004 and ~~\$17,364,000~~ \$17,790,000 for 2005.

Sec. 8. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 3, is amended to read:

Subd. 3. **CHARTER SCHOOL STARTUP AID.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

\$824,000	<u>\$844,000</u>	.....	2004
\$151,000	<u>\$156,000</u>	.....	2005

The 2004 appropriation includes \$220,000 for 2003 and ~~\$604,000~~ \$624,000 for 2004.

The 2005 appropriation includes ~~\$151,000~~ \$156,000 for 2004 and \$0 for 2005.

Sec. 9. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 4, is amended to read:

Subd. 4. **CHARTER SCHOOL INTEGRATION GRANTS.** For grants to charter schools to promote integration and desegregation under Minnesota Statutes, section 124D.11, subdivision 6, paragraph (e):

\$8,000	<u>\$7,000</u>	2004
--------------------	----------------	-------	------

This appropriation includes ~~\$8,000~~ \$7,000 for 2003 and \$0 for 2004.

Sec. 10. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 5, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 5. **INTEGRATION AID.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

~~\$56,869,000~~ \$55,911,000 2004

~~\$56,092,000~~ \$55,893,000 2005

The 2004 appropriation includes ~~\$8,428,000~~ for 2003 and ~~\$48,441,000~~ \$47,483,000 for 2004.

The 2005 appropriation includes ~~\$12,110,000~~ \$11,870,000 for 2004 and ~~\$43,982,000~~ \$44,023,000 for 2005.

Sec. 11. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 7, is amended to read:

Subd. 7. **MAGNET SCHOOL STARTUP AID.** For magnet school startup aid under Minnesota Statutes, section 124D.88:

\$ 37,000 2004

~~\$454,000~~ \$ 40,000 2005

The 2004 appropriation includes \$37,000 for 2003 and \$0 for 2004.

The 2005 appropriation includes \$0 for 2004 and ~~\$437,000~~ \$40,000 for 2005.

Sec. 12. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 9, is amended to read:

Subd. 9. **SUCCESS FOR THE FUTURE.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

~~\$2,073,000~~ \$2,061,000 2004

~~\$2,137,000~~ 2005

The 2004 appropriation includes ~~\$363,000~~ \$351,000 for 2003 and \$1,710,000 for 2004.

The 2005 appropriation includes \$427,000 for 2004 and \$1,710,000 for 2005.

Sec. 13. Laws 2003, First Special Session chapter 9, article 2, section 55, subdivision 12, is amended to read:

Subd. 12. **TRIBAL CONTRACT SCHOOLS.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

~~\$2,135,000~~ \$1,617,000 2004

~~\$2,336,000~~ \$2,185,000 2005

The 2004 appropriation includes \$285,000 for 2003 and ~~\$1,850,000~~ \$1,332,000 for 2004.

The 2005 appropriation includes ~~\$462,000~~ \$333,000 for 2004 and ~~\$1,874,000~~ \$1,852,000 for 2005.

C. SPECIAL PROGRAMS

Sec. 14. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 4, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **AID FOR CHILDREN WITH DISABILITIES.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	2,177,000	<u>2,311,000</u>	.....	2004
	2,244,000	<u>2,550,000</u>	.....	2005

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 15. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 5, is amended to read:

Subd. 5. **TRAVEL FOR HOME-BASED SERVICES.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$220,000	<u>\$173,000</u>	.....	2004
\$261,000	<u>\$178,000</u>	.....	2005

The 2004 appropriation includes \$34,000 for 2003 and ~~\$186,000~~ \$139,000 for 2004.

The 2005 appropriation includes ~~\$46,000~~ \$34,000 for 2004 and ~~\$215,000~~ \$144,000 for 2005.

Sec. 16. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 6, is amended to read:

Subd. 6. **SPECIAL EDUCATION; EXCESS COSTS.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$92,606,000	<u>\$92,605,000</u>	.....	2004
\$92,984,000	<u>\$92,799,000</u>	.....	2005

The 2004 appropriation includes \$41,754,000 for 2003 and ~~\$50,852,000~~ \$50,851,000 for 2004.

The 2005 appropriation includes ~~\$41,215,000~~ \$41,216,000 for 2004 and ~~\$51,769,000~~ \$51,583,000 for 2005.

Sec. 17. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 7, is amended to read:

Subd. 7. **LITIGATION COSTS FOR SPECIAL EDUCATION.** For paying the costs a district incurs under Minnesota Statutes, section 125A.75, subdivision 8:

\$346,000	<u>\$201,000</u>	.....	2004
\$17,000	<u>\$150,000</u>	.....	2005

Sec. 18. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 8, is amended to read:

Subd. 8. **TRANSITION FOR DISABLED STUDENTS.** For aid for transition programs for children with disabilities under Minnesota Statutes, section 124D.454:

New language is indicated by underline, deletions by ~~strikeout~~.

\$8,625,000	\$8,570,000	.....	2004
\$8,867,000	<u>\$8,760,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and ~~\$7,109,000~~ \$7,054,000 for 2004.

The 2005 appropriation includes ~~\$1,777,000~~ \$1,763,000 for 2004 and ~~\$7,090,000~~ \$6,997,000 for 2005.

Sec. 19. Laws 2003, First Special Session chapter 9, article 3, section 20, subdivision 9, is amended to read:

Subd. 9. **COURT-PLACED SPECIAL EDUCATION REVENUE.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$152,000	\$36,000	.....	2004
\$160,000	<u>\$61,000</u>	.....	2005

D. FACILITIES AND TECHNOLOGY

Sec. 20. Minnesota Statutes 2003 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$25,987,000~~ \$28,367,000 in fiscal year ~~2002,~~ ~~\$29,941,000~~ 2006 and \$25,560,000 in fiscal year ~~2003,~~ ~~\$40,075,000~~ in fiscal year ~~2004,~~ and ~~\$39,774,000~~ in fiscal years 2005 2007 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 21. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 2, is amended to read:

Subd. 2. **HEALTH AND SAFETY REVENUE.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$7,839,000	\$5,356,000	.....	2004
\$6,068,000	<u>\$1,920,000</u>	.....	2005

The 2004 appropriation includes \$1,516,000 for 2003 and ~~\$6,323,000~~ \$3,840,000 for 2004.

The 2005 appropriation includes ~~\$1,580,000~~ \$960,000 for 2004 and ~~\$4,488,000~~ \$960,000 for 2005.

Sec. 22. Laws 2003, First Special Session chapter 9, article 4, section 31, subdivision 3, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 3. **DEBT SERVICE EQUALIZATION.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$34,500,000	<u>\$35,598,000</u>	.....	2004
\$37,575,000	<u>\$31,220,000</u>	.....	2005

The 2004 appropriation includes \$5,586,000 for 2003 and ~~\$28,914,000~~ \$30,012,000 for 2004.

The 2005 appropriation includes ~~\$7,228,000~~ \$7,503,000 for 2004 and ~~\$30,347,000~~ \$23,717,000 for 2005.

E. NUTRITION, SCHOOL ACCOUNTING, OTHER PROGRAMS

Sec. 23. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 2, is amended to read:

Subd. 2. **SCHOOL LUNCH.** (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$7,800,000	<u>\$7,650,000</u>	.....	2004
\$7,950,000	<u>\$7,760,000</u>	.....	2005

Sec. 24. Laws 2003, First Special Session chapter 9, article 5, section 35, subdivision 3, is amended to read:

Subd. 3. **TRADITIONAL SCHOOL BREAKFAST; KINDERGARTEN MILK.** For traditional school breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and 124D.118:

\$3,088,000	<u>\$4,382,000</u>	.....	2004
\$3,217,000	<u>\$4,460,000</u>	.....	2005

F. LIBRARIES

Sec. 25. Laws 2003, First Special Session chapter 9, article 6, section 4, is amended to read:

Sec. 4. APPROPRIATIONS.

Subdivision 1. **DEPARTMENT OF EDUCATION.** The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. **BASIC SYSTEM SUPPORT.** For basic system support grants under Minnesota Statutes, section 134.355:

\$8,072,000	<u>\$8,312,000</u>	.....	2004
\$8,570,000	.....	.....	2005

The 2004 appropriation includes \$1,456,000 for 2003 and ~~\$6,616,000~~ \$6,856,000 for 2004.

The 2005 appropriation includes ~~\$1,654,000~~ \$1,714,000 for 2004 and ~~\$6,916,000~~ \$6,856,000 for 2005.

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 3. **REGIONAL LIBRARY TELECOMMUNICATIONS AID.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$1,200,000	<u>\$960,000</u>	.....	2004
\$1,200,000	.....		2005

The 2004 appropriation includes \$960,000 for 2004.

The 2005 appropriation includes \$240,000 for 2004 and \$960,000 for 2005.

Subd. 4. **MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.** For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$876,000	.....	2004
\$903,000	.....	2005

The 2004 appropriation includes \$153,000 for 2003 and \$723,000 for 2004.

The 2005 appropriation includes \$180,000 for 2004 and \$723,000 for 2005.

Subd. 5. **ELECTRONIC LIBRARY FOR MINNESOTA.** For statewide licenses to on-line databases selected in cooperation with the higher education services office for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$400,000	.....	2004
\$400,000	.....	2005

Any balance in the first year does not cancel but is available in the second year.

G. EARLY CHILDHOOD FAMILY SUPPORT

Sec. 26. Laws 2003, First Special Session chapter 9, article 7, section 11, subdivision 3, is amended to read:

Subd. 3. **EARLY CHILDHOOD FAMILY EDUCATION AID.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$19,675,000	<u>\$19,079,000</u>	.....	2004
\$15,129,000	<u>\$14,407,000</u>	.....	2005

The 2004 appropriation includes \$3,239,000 for 2003 and \$16,436,000 \$15,840,000 for 2004.

The 2005 appropriation includes \$4,109,000 \$3,959,000 for 2004 and \$11,020,000 \$10,448,000 for 2005.

H. PREVENTION

Sec. 27. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 2, is amended to read:

Subd. 2. **COMMUNITY EDUCATION AID.** For community education aid under Minnesota Statutes, section 124D.20:

New language is indicated by underline, deletions by ~~strikeout~~.

\$5,495,000	\$5,351,000	.....	2004
\$3,406,000	\$3,137,000	.....	2005

The 2004 appropriation includes \$956,000 for 2003 and ~~\$4,539,000~~ \$4,395,000 for 2004.

The 2005 appropriation includes ~~\$1,134,000~~ \$1,098,000 for 2004 and ~~\$2,272,000~~ \$2,039,000 for 2005.

Sec. 28. Laws 2003, First Special Session chapter 9, article 8, section 7, subdivision 5, is amended to read:

Subd. 5. **SCHOOL-AGE CARE REVENUE.** For extended day care aid under Minnesota Statutes, section 124D.22:

\$41,000	\$40,000	.....	2004
\$22,000	\$24,000	.....	2005

The 2004 appropriation includes \$14,000 for 2003 and ~~\$27,000~~ \$26,000 for 2004.

The 2005 appropriation includes \$6,000 for 2004 and ~~\$16,000~~ \$18,000 for 2005.

I. SELF-SUFFICIENCY AND LIFELONG LEARNING

Sec. 29. Laws 2003, First Special Session chapter 9, article 9, section 9, subdivision 2, is amended to read:

Subd. 2. **ADULT BASIC EDUCATION AID.** For adult basic education aid under Minnesota Statutes, section 124D.52, in fiscal year 2004 and Minnesota Statutes, section 124D.531, in fiscal year 2005:

\$33,153,000	\$33,014,000	.....	2004
\$35,823,000	\$35,808,000	.....	2005

The 2004 appropriation includes ~~\$5,905,000~~ \$5,827,000 for 2003 and ~~\$27,248,000~~ \$27,187,000 for 2004.

The 2005 appropriation includes ~~\$6,811,000~~ \$6,796,000 for 2004 and \$29,012,000 for 2005.

Sec. 30. **EFFECTIVE DATE.**

Sections 1 to 29 are effective the day following final enactment.

ARTICLE 2

A. HEALTH AND HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. Laws 2003, First Special Session chapter 14, article 13C, section 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS FORECAST ADJUSTMENTS.

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the sections of this article, to be available for the fiscal years indicated for each purpose. The figures "2004" and "2005" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2004, or June 30, 2005, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

	2004	2005	BIENNIAL TOTAL
General	<u>\$3,765,212,000</u>	<u>\$3,727,319,000</u>	<u>\$7,492,531,000</u>
	<u>\$3,500,860,000</u>	<u>\$3,746,520,000</u>	<u>\$7,247,380,000</u>
State Government			
Special Revenue	45,337,000	45,104,000	90,441,000
Health Care			
Access	<u>294,090,000</u>	<u>308,525,000</u>	<u>602,615,000</u>
	<u>280,060,000</u>	<u>308,609,000</u>	<u>588,669,000</u>
Federal TANF	<u>261,552,000</u>	<u>270,364,000</u>	<u>531,916,000</u>
	<u>276,425,000</u>	<u>276,363,000</u>	<u>552,788,000</u>
Lottery Prize			
Fund	1,556,000	1,556,000	3,112,000
Special Revenue	3,340,000	3,340,000	6,680,000
TOTAL	<u>\$4,371,087,000</u>	<u>\$4,356,208,000</u>	<u>\$8,727,295,000</u>
	<u>\$4,107,578,000</u>	<u>\$4,381,492,000</u>	<u>\$8,489,070,000</u>

APPROPRIATIONS

Available for the Year

Ending June 30

2004

2005

Sec. 2. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 1, is amended to read:

Subdivision 1. Total
Appropriation

\$4,111,558,000

\$4,110,496,000

\$3,848,049,000

\$4,135,780,000

Summary by Fund

General

3,566,163,000

3,541,854,000

3,301,811,000

3,561,055,000

State Government

534,000

534,000

Special Revenue

New language is indicated by underline, deletions by ~~strikeout~~.

Health Care		
Access	287,753,000	302,188,000
	<u>273,723,000</u>	<u>302,272,000</u>
Federal TANF	255,552,000	<u>264,364,000</u>
	<u>270,425,000</u>	<u>270,363,000</u>
Lottery Cash		
Flow	1,556,000	1,556,000

FEDERAL CONTINGENCY APPROPRIATION. (a) Any additional Federal Medicaid funds made available under title IV of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 are appropriated to the commissioner of human services for use in the state's medical assistance and MinnesotaCare programs. The commissioners of human services and finance shall report to the legislative advisory committee on the additional federal Medicaid matching funds that will be available to the state.

(b) ~~Contingent upon~~ Because of the availability of these funds, the following policies shall become effective and necessary funds are appropriated for these purposes:

(1) medical assistance and MinnesotaCare eligibility and local financial participation changes provided for in this act may be implemented prior to September 2, 2003, or may be delayed as necessary to maximize the use of federal funds received under title IV of the Jobs and Growth Tax Relief Reconciliation Act of 2003;

(2) the aggregate cap on the services identified in Minnesota Statutes, section 256L.035, paragraph (a), clause (3), shall be increased from \$2,000 to \$5,000. This increase shall expire at the end of fiscal year 2007. Funds may be transferred from the general fund to the health care access fund as necessary to implement this provision; and

New language is indicated by underline, deletions by ~~strikeout~~.

(3) the following payment shifts shall not be implemented:

(i) MFIP payment shift found in subdivision 11;

(ii) the county payment shift found in subdivision 1; and

(iii) the delay in medical assistance and general assistance medical care fee-for-service payments found in subdivision 6.

(c) Notwithstanding section 14, paragraphs (a) and (b) shall expire June 30, 2007.

RECEIPTS FOR SYSTEMS PROJECTS. Appropriations and federal receipts for information system projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota office of technology, funded by the legislature, and approved by the commissioner of finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

GIFTS. Notwithstanding Minnesota Statutes, chapter 7, the commissioner may accept on behalf of the state additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantor of funding.

SYSTEMS CONTINUITY. In the event of disruption of technical systems or computer operations, the commissioner may use available grant appropriations to ensure

New language is indicated by underline, deletions by ~~strikeout~~.

continuity of payments for maintaining the health, safety, and well-being of clients served by programs administered by the department of human services. Grant funds must be used in a manner consistent with the original intent of the appropriation.

NONFEDERAL SHARE TRANSFERS.

The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

TANF FUNDS APPROPRIATED TO OTHER ENTITIES.

Any expenditures from the TANF block grant shall be expended in accordance with the requirements and limitations of part A of title IV of the Social Security Act, as amended, and any other applicable federal requirement or limitation. Prior to any expenditure of these funds, the commissioner shall assure that funds are expended in compliance with the requirements and limitations of federal law and that any reporting requirements of federal law are met. It shall be the responsibility of any entity to which these funds are appropriated to implement a memorandum of understanding with the commissioner that provides the necessary assurance of compliance prior to any expenditure of funds. The commissioner shall receipt TANF funds appropriated to other state agencies and coordinate all related interagency accounting transactions necessary to implement these appropriations. Unexpended TANF funds appropriated to any state, local, or nonprofit entity cancel at the end of the state fiscal year unless appropriating language permits otherwise.

TANF FUNDS TRANSFERRED TO OTHER FEDERAL GRANTS.

The commissioner must authorize transfers from TANF to other federal block grants so that

New language is indicated by underline, deletions by ~~strikeout~~.

funds are available to meet the annual expenditure needs as appropriated. Transfers may be authorized prior to the expenditure year with the agreement of the receiving entity. Transferred funds must be expended in the year for which the funds were appropriated unless appropriation language permits otherwise. In accelerating transfer authorizations, the commissioner must aim to preserve the future potential transfer capacity from TANF to other block grants.

TANF MAINTENANCE OF EFFORT.

(a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

- (1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;
- (2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;
- (3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;
- (4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;
- (5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j); and

New language is indicated by underline, deletions by ~~strikeout~~.

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) By August 31 of each year, the commissioner shall make a preliminary calculation to determine the likelihood that the state will meet its annual federal work participation requirement under Code of Federal Regulations, title 45, sections 261.21 and 261.23, after adjustment for any caseload reduction credit under Code of Federal Regulations, title 45, section 261.41. If the commissioner determines that the state will meet its federal work participation rate for the federal fiscal year ending that September, the commissioner may reduce the expenditure under paragraph (a), clause (1), to the extent allowed under Code of Federal Regulations, title 45, section 263.1(a)(2).

(d) For fiscal years beginning with state fiscal year 2003, the commissioner shall assure that the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 25 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(e) If nonfederal expenditures for the programs and purposes listed in paragraph (a) are insufficient to meet the state's

New language is indicated by underline, deletions by ~~strikeout~~.

TANF/MOE requirements, the commissioner shall recommend additional allowable sources of nonfederal expenditures to the legislature, if the legislature is or will be in session to take action to specify additional sources of nonfederal expenditures for TANF/MOE before a federal penalty is imposed. The commissioner shall otherwise provide notice to the legislative commission on planning and fiscal policy under paragraph (g).

(f) If the commissioner uses authority granted under section 11, or similar authority granted by a subsequent legislature, to meet the state's TANF/MOE requirement in a reporting period, the commissioner shall inform the chairs of the appropriate legislative committees about all transfers made under that authority for this purpose.

(g) If the commissioner determines that nonfederal expenditures under paragraph (a) are insufficient to meet TANF/MOE expenditure requirements, and if the legislature is not or will not be in session to take timely action to avoid a federal penalty, the commissioner may report nonfederal expenditures from other allowable sources as TANF/MOE expenditures after the requirements of this paragraph are met. The commissioner may report nonfederal expenditures in addition to those specified under paragraph (a) as nonfederal TANF/MOE expenditures, but only ten days after the commissioner of finance has first submitted the commissioner's recommendations for additional allowable sources of nonfederal TANF/MOE expenditures to the members of the legislative commission on planning and fiscal policy for their review.

(h) The commissioner of finance shall not incorporate any changes in federal TANF expenditures or nonfederal expenditures for TANF/MOE that may result from re-

New language is indicated by underline, deletions by ~~strikeout~~.

porting additional allowable sources of nonfederal TANF/MOE expenditures under the interim procedures in paragraph (g) into the February or November forecasts required under Minnesota Statutes, section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under paragraph (g).

(i) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(j) Notwithstanding section 14, paragraph (a), clauses (1) to (6), and paragraphs (b) to (j) expire June 30, 2007.

WORKING FAMILY CREDIT EXPENDITURES AS TANF MOE. The commissioner may claim as TANF maintenance of effort up to the following amounts of working family credit expenditures for the following fiscal years:

- (1) fiscal year 2004, \$7,013,000;
- (2) fiscal year 2005, \$25,133,000;
- (3) fiscal year 2006, \$6,942,000; and
- (4) fiscal year 2007, \$6,707,000.

FISCAL YEAR 2003 APPROPRIATIONS CARRYFORWARD. Effective the day following final enactment, notwithstanding Minnesota Statutes, section 16A.28, or any other law to the contrary, state agencies and constitutional offices may carry forward unexpended and unencumbered nongrant operating balances from fiscal year 2003 general fund appropriations into fiscal year 2004 to offset general budget reductions.

TRANSFER OF GRANT BALANCES.

New language is indicated by underline, deletions by ~~strikeout~~.

Effective the day following final enactment, the commissioner of human services, with the approval of the commissioner of finance and after notification of the chair of the senate health, human services and corrections budget division and the chair of the house of representatives health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2003, in fiscal year 2003 among the MFIP, MFIP child care assistance under Minnesota Statutes, section 119B.05, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

TANF APPROPRIATION CANCELLATION. Notwithstanding the provisions of Laws 2000, chapter 488, article 1, section 16, any prior appropriations of TANF funds to the department of trade and economic development or to the job skills partnership board or any transfers of TANF funds from another agency to the department of trade and economic development or to the job skills partnership board are not available until expended, and if unobligated as of June 30, 2003, these appropriations or transfers shall cancel to the TANF fund.

SHIFT COUNTY PAYMENT. The commissioner shall make up to 100 percent of the calendar year 2005 payments to counties for developmental disabilities semi-independent living services grants, developmental disabilities family support grants, and adult mental health grants from fiscal year 2006 appropriations. This is a onetime payment shift. Calendar year 2006 and future payments for these grants are not

New language is indicated by underline, deletions by ~~strikeout~~.

affected by this shift. This provision expires June 30, 2006.

CAPITATION RATE INCREASE. Of the health care access fund appropriations to the University of Minnesota in the higher education omnibus appropriation bill, \$2,157,000 in fiscal year 2004 and \$2,157,000 in fiscal year 2005 are to be used to increase the capitation payments under Minnesota Statutes, section 256B.69. Notwithstanding the provisions of section 14, this provision shall not expire.

Sec. 3. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 3, is amended to read:

Subd. 3. Revenue and Pass-Through

Federal TANF	55,855,000	<u>53,315,000</u>
	<u>56,643,000</u>	<u>57,275,000</u>

TANF TRANSFER TO SOCIAL SERVICES BLOCK GRANT. \$3,137,000 in fiscal year 2005 is appropriated to the commissioner for the purposes of providing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. The commissioner shall authorize a sufficient transfer of funds from the state's federal TANF block grant to the state's federal social services block grant to meet this appropriation. The funds shall be distributed to counties for the children and community services grant according to the formula for the state appropriations in Minnesota Statutes, chapter 256M.

TANF FUNDS FOR FISCAL YEAR 2006 AND FISCAL YEAR 2007 REFINANCING. ~~\$12,692,000~~ \$6,692,000 in fiscal year 2006 and ~~\$9,192,000~~ \$3,192,000 in fiscal year 2007 in TANF funds are available to the commissioner to replace general funds in the amount of ~~\$12,692,000~~ \$6,692,000 in fiscal year 2006 and ~~\$9,192,000~~ \$3,192,000 in fiscal year

New language is indicated by underline, deletions by ~~strikeout~~.

2007 in expenditures that may be counted toward TANF maintenance of effort requirements or as an allowable TANF expenditure.

ADJUSTMENTS IN TANF TRANSFER TO CHILD CARE AND DEVELOPMENT FUND. Transfers of TANF to the child care development fund for the purposes of MFIP child care assistance shall be reduced by \$116,000 in fiscal year 2004 and shall be increased by \$1,976,000 in fiscal year 2005.

Sec. 4. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6, is amended to read:

Subd. 6. Basic Health Care Grants

Summary by Fund

General	1,499,941,000	1,533,016,000
	<u>1,290,454,000</u>	<u>1,475,996,000</u>
Health Care Access	<u>268,151,000</u>	<u>282,605,000</u>
	254,121,000	282,689,000

UPDATING FEDERAL POVERTY GUIDELINES. Annual updates to the federal poverty guidelines are effective each July 1, following publication by the United States Department of Health and Human Services for health care programs under Minnesota Statutes, chapters 256, 256B, 256D, and 256L.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

Health Care Access	267,401,000	281,855,000
	<u>253,371,000</u>	<u>281,939,000</u>

MINNESOTACARE FEDERAL RECEIPTS. Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as non-dedicated revenue in the health care access.

New language is indicated by underline, deletions by ~~strikeout~~.

fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

MINNESOTACARE FUNDING. The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants -
Families and Children

General	<u>568,254,000</u>	<u>582,161,000</u>
	<u>427,769,000</u>	<u>489,545,000</u>

SERVICES TO PREGNANT WOMEN.

The commissioner shall use available federal money for the State-Children's Health Insurance Program for medical assistance services provided to pregnant women who are not otherwise eligible for federal financial participation beginning in fiscal year 2003. This federal money shall be deposited in the federal fund and shall offset general funds for payments to providers. Notwithstanding section 14, this paragraph shall not expire.

MANAGED CARE RATE INCREASE.

(a) Effective January 1, 2004, the commissioner of human services shall increase the total payments to managed care plans under Minnesota Statutes, section 256B.69, by an amount equal to the cost increases to the managed care plans from by the elimination of: (1) the exemption from the taxes imposed under Minnesota Statutes, section 297I.05, subdivision 5, for premiums paid by the state for medical assistance, general assistance medical care, and the MinnesotaCare program; and (2) the exemption of gross revenues subject to the taxes imposed under Minnesota Statutes, sections 295.50 to 295.57, for payments paid by the state

New language is indicated by underline, deletions by ~~strikeout~~.

for services provided under medical assistance, general assistance medical care, and the MinnesotaCare program. Any increase based on clause (2) must be reflected in provider rates paid by the managed care plan unless the managed care plan is a staff model health plan company.

(b) The commissioner of human services shall increase by two percent the fee-for-service payments under medical assistance, general assistance medical care, and the MinnesotaCare program for services subject to the hospital, surgical center, or health care provider taxes under Minnesota Statutes, sections 295.50 to 295.57, effective for services rendered on or after January 1, 2004.

(c) The commissioner of finance shall transfer from the health care access fund to the general fund the following amounts in the fiscal years indicated: 2004, \$16,587,000; 2005, \$46,322,000; 2006, \$49,413,000; and 2007, \$52,659,000.

(d) For fiscal years after 2007, the commissioner of finance shall transfer from the health care access fund to the general fund an amount equal to the revenue collected by the commissioner of revenue on the following:

(1) gross revenues received by hospitals, surgical centers, and health care providers as payments for services provided under medical assistance, general assistance medical care, and the MinnesotaCare program, including payments received directly from the state or from a prepaid plan, under Minnesota Statutes, sections 295.50 to 295.57; and

(2) premiums paid by the state under medical assistance, general assistance medical care, and the MinnesotaCare program un-

New language is indicated by underline, deletions by ~~strikeout~~.

der Minnesota Statutes, section 297I.05, subdivision 5.

The commissioner of finance shall monitor and adjust if necessary the amount transferred each fiscal year from the health care access fund to the general fund to ensure that the amount transferred equals the tax revenue collected for the items described in clauses (1) and (2) for that fiscal year.

(e) Notwithstanding section 14, these provisions shall not expire.

(c) MA Basic Health Care Grants -
Elderly and Disabled

General	695,421,000	741,605,000
	<u>610,518,000</u>	<u>743,858,000</u>

DELAY MEDICAL ASSISTANCE FEE-FOR-SERVICE - ACUTE CARE. The following payments in fiscal year 2005 from the Medicaid Management Information System that would otherwise have been made to providers for medical assistance and general assistance medical care services shall be delayed and included in the first payment in fiscal year 2006:

(1) for hospitals, the last two payments; and

(2) for nonhospital providers, the last payment.

This payment delay shall not include payments to skilled nursing facilities, intermediate care facilities for mental retardation, prepaid health plans, home health agencies, personal care nursing providers, and providers of only waiver services. The provisions of Minnesota Statutes, section 16A.124, shall not apply to these delayed payments. Notwithstanding section 14, this provision shall not expire.

DEAF AND HARD-OF-HEARING SERVICES. If, after making reasonable

New language is indicated by underline, deletions by ~~strikeout~~.

efforts, the service provider for mental health services to persons who are deaf or hearing impaired is not able to earn \$227,000 through participation in medical assistance intensive rehabilitation services in fiscal year 2005, the commissioner shall transfer \$227,000 minus medical assistance earnings achieved by the grantee to deaf and hard-of-hearing grants to enable the provider to continue providing services to eligible persons.

(d) General Assistance Medical Care Grants

General	<u>223,960,000</u>	196,617,000
	<u>239,861,000</u>	<u>229,960,000</u>

(e) Health Care Grants - Other Assistance

General	3,067,000	3,407,000
Health Care Access	750,000	750,000

MINNESOTA PRESCRIPTION DRUG DEDICATED FUND. Of the general fund appropriation, \$284,000 in fiscal year 2005 is appropriated to the commissioner for the prescription drug dedicated fund established under the prescription drug discount program.

DENTAL ACCESS GRANTS CARRY-OVER AUTHORITY. Any unspent portion of the appropriation from the health care access fund in fiscal years 2002 and 2003 for dental access grants under Minnesota Statutes, section 256B.53, shall not cancel but shall be allowed to carry forward to be spent in the biennium beginning July 1, 2003, for these purposes.

STOP-LOSS FUND ACCOUNT. The appropriation to the purchasing alliance stop-loss fund account established under Minnesota Statutes, section 256.956, subdivision 2, for fiscal years 2004 and 2005 shall only be available for claim reimbursements for qualifying enrollees

New language is indicated by underline, deletions by ~~strikeout~~.

who are members of purchasing alliances that meet the requirements described under Minnesota Statutes, section 256.956, subdivision 1, paragraph (f), clauses (1), (2), and (3).

(f) Prescription Drug Program

General	9,239,000	9,226,000
---------	-----------	-----------

PRESCRIPTION DRUG ASSISTANCE PROGRAM. Of the general fund appropriation, \$702,000 in fiscal year 2004 and \$887,000 in fiscal year 2005 are for the commissioner to establish and administer the prescription drug assistance program through the Minnesota board on aging.

REBATE REVENUE RECAPTURE. Any funds received by the state from a drug manufacturer due to errors in the pharmaceutical pricing used by the manufacturer in determining the prescription drug rebate are appropriated to the commissioner to augment funding of the prescription drug program established in Minnesota Statutes, section 256.955.

Sec. 5. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 7, is amended to read:

Subd. 7. Health Care Management

Summary by Fund

General	24,845,000	26,199,000
	<u>24,834,000</u>	
Health Care Access	14,522,000	14,533,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Health Care Policy Administration

General	5,523,000	7,223,000
Health Care Access	1,066,000	1,200,000

PAYMENT CODE STUDY. Of this appropriation, \$345,000 each year is for a study to determine the appropriateness of

New language is indicated by underline, deletions by ~~strikeout~~.

eliminating reimbursement for certain payment codes under medical assistance, general assistance medical care, or MinnesotaCare. As part of the study, the commissioner shall also examine covered services under the Minnesota health care programs and make recommendations on possible modification of the services covered under the program. The commissioner shall report to the legislature by January 15, 2005, with an analysis of the feasibility of this approach, a list of codes, if any, to be eliminated from the payment system, and estimates of savings to be obtained from this approach.

TRANSFERS FROM HEALTH CARE ACCESS FUND. (a) Notwithstanding Minnesota Statutes, section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund during fiscal years 2005 to 2007, the excess annual funds shall be transferred from the health care access fund to the general fund on June 30 of fiscal years 2005, 2006, and 2007. These transfers shall not be reduced to accommodate MinnesotaCare expansions. The estimated amounts to be transferred are:

- (1) in fiscal year 2005, \$192,442,000;
- (2) in fiscal year 2006, \$52,943,000; and
- (3) in fiscal year 2007, \$59,105,000.

These estimates shall be updated with each forecast, but in no case shall the transfers exceed the amounts listed in clauses (1) to (3).

(b) The commissioner shall limit transfers under paragraph (a) in order to avoid implementation of Minnesota Statutes, section 256L.02, subdivision 3, paragraph (b).

(c) For fiscal years 2004 to 2007, MinnesotaCare shall be a forecasted program and,

New language is indicated by underline, deletions by ~~strikeout~~.

if necessary, the commissioner shall reduce transfers under paragraph (a) to meet forecasted expenditures.

(d) The department of human services in recommending its 2007-2008 budget shall consider the repayment of the amount transferred in fiscal years 2006 and 2007 from the health care access fund to the general fund to the health care access fund.

(e) Notwithstanding section 14, this section is in effect until June 30, 2007.

MINNESOTACARE OUTREACH REIMBURSEMENT. Federal administrative reimbursement resulting from Minnesota Care outreach is appropriated to the commissioner for this activity.

MINNESOTA SENIOR HEALTH OPTIONS REIMBURSEMENT. Federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity.

UTILIZATION REVIEW. Federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization shall be dedicated to the commissioner for these purposes. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

(b) Health Care Operations

General	<u>19,322,000</u>	18,976,000
	<u>19,311,000</u>	
Health Care Access	13,456,000	13,333,000

PREPAID MEDICAL PROGRAMS. For all counties in which the PMAP program has been operating for 12 or more months, state funding for the nonfederal share of prepaid medical assistance program admin-

New language is indicated by underline, deletions by ~~strikeout~~.

istration costs for county managed care advocacy and enrollment operations is eliminated. State funding will continue for these activities for counties and tribes establishing new PMAP programs for a maximum of 16 months (four months prior to beginning PMAP enrollment and through the first 12 months of their PMAP program operation). Those counties operating PMAP programs for less than 12 months can continue to receive state funding for advocacy and enrollment activities through their first year of operation.

Sec. 6. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 9, is amended to read:

Subd. 9. Continuing Care Grants

Summary by Fund

General	1,504,933,000	1,490,958,000
	1,448,029,000	1,567,392,000
Lottery Prize Fund	1,408,000	1,408,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services

General	496,000	371,000
---------	---------	---------

(b) Aging and Adult Service Grant

General	12,998,000	13,951,000
---------	------------	------------

LONG-TERM CARE PROGRAM REDUCTIONS. For the biennium ending June 30, 2005, state funding for the following state long-term care programs is reduced by 15 percent from the level of state funding provided on June 30, 2003: SAIL project grants under Minnesota Statutes, section 256B.0917; senior nutrition programs under Minnesota Statutes, section 256.9752; foster grandparents program under Minnesota Statutes, section 256.976; retired senior volunteer program under Minnesota Statutes, section 256.9753; and the senior companion program under Minnesota Statutes, section 256.977.

New language is indicated by underline, deletions by ~~strikeout~~.

(c) Deaf and Hard-of-hearing Service Grants

General	1,719,000	1,490,000
---------	-----------	-----------

(d) Mental Health Grants

General	53,479,000	34,690,000
		<u>46,551,000</u>
Lottery Prize Fund	1,408,000	<u>1,408,000</u>

RESTRUCTURING OF ADULT MENTAL HEALTH SERVICES.

The commissioner may make transfers that do not increase the state share of costs to effectively implement the restructuring of adult mental health services.

COMPULSIVE GAMBLING. Of the appropriation from the lottery prize fund, \$250,000 each year is for the following purposes:

(1) \$100,000 each year is for a grant to the Southeast Asian Problem Gambling Consortium. The consortium must provide statewide compulsive gambling prevention and treatment services for Lao, Hmong, Vietnamese, and Cambodian families, adults, and adolescents. The appropriation in this clause shall not become part of base level funding for the biennium beginning July 1, 2005. Any unencumbered balance of the appropriation in the first year does not cancel but is available for the second year; and

(2) \$150,000 each year is for a grant to a compulsive gambling council located in St. Louis county. The gambling council must provide a statewide compulsive gambling prevention and education project for adolescents. Any unencumbered balance of the appropriation in the first year of the biennium does not cancel but is available for the second year.

(e) Community Support Grants

New language is indicated by underline, deletions by ~~strikeout~~.

12,523,000

~~9,093,000~~

12,024,000

CENTERS FOR INDEPENDENT LIVING STUDY. The commissioner of human services, in consultation with the commissioner of economic security, the centers for independent living, and consumer representatives, shall study the financing of the centers for independent living authorized under Minnesota Statutes, section 268A.11, and make recommendations on options to maximize federal financial participation. Study components shall include:

- (1) the demographics of individuals served by the centers for independent living;
- (2) the range of services the centers for independent living provide to these individuals;
- (3) other publicly funded services received by individuals supported by the centers; and
- (4) strategies for maximizing federal financial participation for eligible activities carried out by centers for independent living.

The commissioner shall report with fiscal and programmatic recommendations to the chairs of the appropriate house of representatives and senate finance and policy committees by January 15, 2004.

(f) Medical Assistance Long-Term Care Waivers and Home Care Grants

General

659,211,000

~~718,665,000~~

624,631,000

748,189,000

RATE AND ALLOCATION DECREASES FOR CONTINUING CARE PROGRAMS. Notwithstanding any law or rule to the contrary, the commissioner of human services shall decrease reimbursement rates or reduce allocations to assure the necessary reductions in state spending

New language is indicated by underline, deletions by ~~strikeout~~.

for the providers or programs listed in paragraphs (a) to (d). The decreases are effective for services rendered on or after July 1, 2003.

(a) Effective July 1, 2003, the commissioner shall reduce payment rates for services and individual or service limits by one percent. The rate decreases described in this section must be applied to:

(1) home and community-based waived services for the elderly under Minnesota Statutes, section 256B.0915;

(2) day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46;

(3) the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a;

(4) chemical dependency residential and nonresidential service rates under Minnesota Statutes, section 245B.03;

(5) consumer support grants under Minnesota Statutes, section 256.476; and

(6) home and community-based services for alternative care services under Minnesota Statutes, section 256B.0913.

(b) The commissioner shall reduce allocations made available to county agencies for home and community-based waived services to assure a one-percent reduction in state spending for services rendered on or after July 1, 2003. The commissioner shall apply the allocation decreases described in this section to:

(1) persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501;

(2) waived services under community

New language is indicated by underline, deletions by ~~strikeout~~.

alternatives for disabled individuals under Minnesota Statutes, section 256B.49;

(3) community alternative care waived services under Minnesota Statutes, section 256B.49; and

(4) traumatic brain injury waived services under Minnesota Statutes, section 256B.49.

County agencies will be responsible for 100 percent of any spending in excess of the allocation made by the commissioner. Nothing in this section shall be construed as reducing the county's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to them for that purpose.

(c) The commissioner shall reduce deaf and hard-of-hearing grants by one percent on July 1, 2003.

(d) Effective July 1, 2003, the commissioner shall reduce payment rates for each facility reimbursed under Minnesota Statutes, section 256B.5012, by decreasing the total operating payment rate for intermediate care facilities for the mentally retarded by one percent. For each facility, the commissioner shall multiply the adjustment by the total payment rate, excluding the property-related payment rate, in effect on June 30, 2003. A facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, is not subject to an adjustment otherwise taken under this subdivision.

Notwithstanding section 14, these adjustments shall not expire.

REDUCE GROWTH IN MR/RC WAIVER. The commissioner shall reduce the growth in the MR/RC waiver by not

New language is indicated by underline, deletions by ~~strikeout~~.

allocating the 300 additional diversion allocations that are included in the February 2003 forecast for the fiscal years that begin on July 1, 2003, and July 1, 2004.

MANAGE THE GROWTH IN THE TBI WAIVER. During the fiscal years beginning on July 1, 2003, and July 1, 2004, the commissioner shall allocate money for home and community-based programs covered under Minnesota Statutes, section 256B.49, to assure a reduction in state spending that is equivalent to limiting the caseload growth of the TBI waiver to 150 in each year of the biennium. Priorities for the allocation of funds shall be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

TARGETED CASE MANAGEMENT FOR HOME CARE RECIPIENTS.

Implementation of the targeted case management benefit for home care recipients, according to Minnesota Statutes, section 256B.0621, subdivisions 2, 3, 5, 6, 7, 9, and 10, will be delayed until July 1, 2005.

COMMON SERVICE MENU. Implementation of the common service menu option within the home and community-based waivers, according to Minnesota Statutes, section 256B.49, subdivision 16, will be delayed until July 1, 2005.

LIMITATION ON COMMUNITY ALTERNATIVES FOR DISABLED INDIVIDUALS CASELOAD GROWTH.

For the biennium ending June 30, 2005, the commissioner shall limit the allocations made available in the community alternatives for disabled individuals waiver program in order not to exceed average caseload growth of 95 per month from June 2003 program levels, plus any additional legislatively authorized program growth.

New language is indicated by underline, deletions by ~~strikeout~~.

The commissioner shall allocate available resources to achieve the following outcomes:

(1) the establishment of feasible and viable alternatives for persons in institutional or hospital settings to relocate to home and community-based settings;

(2) the availability of timely assistance to persons at imminent risk of institutional or hospital placement or whose health and safety is at immediate risk; and

(3) the maximum provision of essential community supports to eligible persons in need of and waiting for home and community-based service alternatives. The commissioner may reallocate resources from one county or region to another if available funding in that county or region is not likely to be spent and the reallocation is necessary to achieve the outcomes specified in this paragraph.

(g) Medical Assistance Long-term Care Facilities Grants

General	<u>543,999,000</u>	<u>514,483,000</u>
	<u>513,763,000</u>	<u>536,321,000</u>

(h) Alternative Care Grants

General	75,206,000	66,351,000
---------	------------	------------

ALTERNATIVE CARE TRANSFER.

Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

ALTERNATIVE CARE APPROPRIATION.

The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

ALTERNATIVE CARE IMPLEMENTATION OF CHANGES TO FEES AND

New language is indicated by underline, deletions by ~~strikeout~~.

ELIGIBILITY. Changes to Minnesota Statutes, section 256B.0913, subdivision 4, paragraph (d), and subdivision 12, are effective July 1, 2003, for all persons found eligible for the alternative care program on or after July 1, 2003. All recipients of alternative care funding as of June 30, 2003, shall be subject to Minnesota Statutes, section 256B.0913, subdivision 4, paragraph (d), and subdivision 12, on the annual reassessment and review of their eligibility after July 1, 2003, but no later than January 1, 2004.

(i) Group Residential Housing Grants

General	94,996,000	80,472,000
	<u>94,547,000</u>	<u>81,055,000</u>

GROUP RESIDENTIAL HOUSING COSTS REFINANCED. (1) Effective July 1, 2004, the commissioner shall increase the home and community-based service rates and county allocations provided to programs for persons with disabilities established under section 1915(c) of the Social Security Act to the extent that these programs will be paying for the costs above the rate established in Minnesota Statutes, section 256I.05, subdivision 1.

(2) For persons in receipt of services under Minnesota Statutes, section 256B.0915, who reside in licensed adult foster care beds for which a supplemental room and board payment was being made under Minnesota Statutes, section 256I.05, subdivision 1, counties may request an exception to the individual caps specified in Minnesota Statutes, section 256B.0915, subdivision 3, paragraph (b), not to exceed the difference between the individual cap and the client's monthly service expenditures plus the amount of the supplemental room and board rate. The county must submit a request to exceed the individual cap to the commissioner for approval.

New language is indicated by underline, deletions by ~~strikeout~~.

(j) Chemical Dependency Entitlement Grants

General	49,251,000	50,337,000
	<u>57,612,000</u>	<u>60,034,000</u>

(k) Chemical Dependency Nonentitlement Grants

General	1,055,000	1,055,000
---------	-----------	-----------

Sec. 7. Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 11, is amended to read:

Subd. 11. Economic Support Grants

Summary by Fund

General	122,647,000	117,198,000
	<u>124,697,000</u>	<u>116,985,000</u>
Federal TANF	199,009,000	207,224,000
	<u>212,844,000</u>	<u>209,264,000</u>

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Family Investment Program

General	59,922,000	39,375,000
	<u>53,818,000</u>	<u>43,942,000</u>
Federal TANF	106,535,000	110,543,000
	<u>114,370,000</u>	<u>106,583,000</u>

(b) Work Grants

General	666,000	14,678,000
	<u>8,666,000</u>	<u>8,678,000</u>
Federal TANF	92,474,000	96,681,000
	<u>98,474,000</u>	<u>102,681,000</u>

MFIP SUPPORT SERVICES COUNTY AND TRIBAL ALLOCATION.

When determining the funds available for the consolidated MFIP support services grant in the 18-month period ending December 31, 2004, the commissioner shall apportion the funds appropriated for fiscal year 2005 in such manner as necessary to provide \$14,000,000 more to counties and tribes for the period ending December 31, 2004, than would have been available had the funds

New language is indicated by underline, deletions by ~~strikeout~~.

been evenly divided within the fiscal year between the period before December 31, 2004, and the period after December 31, 2004.

For allocations for the calendar years starting January 1, 2005, the commissioner shall apportion the funds appropriated for each fiscal year in such manner as necessary to provide \$14,000,000 more to counties and tribes for the period ending December 31 of that year than would have been available had the funds been evenly divided within the fiscal year between the period before December 31 and the period after December 31.

(c) Economic Support Grants - Other Assistance

General	3,358,000	3,463,000
---------	-----------	-----------

SUPPORTIVE HOUSING. Of the general fund appropriation, \$500,000 each year is to provide services to families who are participating in the supportive housing and managed care pilot project under Minnesota Statutes, section 256K.25. This appropriation shall not become part of base level funding for the biennium beginning July 1, 2007.

(d) Child Support Enforcement Grants

General	3,571,000	3,503,000
---------	-----------	-----------

(e) General Assistance Grants

General	24,901,000	24,732,000
	<u>26,329,000</u>	<u>26,909,000</u>

GENERAL ASSISTANCE STANDARD.

The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter

New language is indicated by underline, deletions by ~~strikeout~~.

85, article 3, section 54.

EMERGENCY GENERAL ASSISTANCE. The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812 in each fiscal year of 2004 and 2005. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(f) Minnesota Supplemental Aid Grants

General	<u>30,229,000</u>	<u>31,447,000</u>
	<u>28,955,000</u>	<u>30,490,000</u>

EMERGENCY MINNESOTA SUPPLEMENTAL AID FUNDS. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,138,707 in fiscal year 2004 and \$1,017,000 in fiscal year 2005. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

Sec. 8. Laws 2003, First Special Session chapter 14, article 13C, section 10, subdivision 1, is amended to read:

Subdivision 1. Total	<u>107,829,000</u>	<u>92,649,000</u>
Appropriation	<u>106,221,000</u>	<u>97,564,000</u>

Summary by Fund

General	<u>104,489,000</u>	<u>89,309,000</u>
	<u>102,881,000</u>	<u>92,224,000</u>
State Special Revenue	<u>3,340,000</u>	<u>3,340,000</u>

Sec. 9. Laws 2003, First Special Session chapter 14, article 13C, section 10, subdivision 2, is amended to read:

Subd. 2. Child Care

BASIC SLIDING FEE CHILD CARE.

Of this appropriation, \$27,628,000 in fiscal year 2004 and \$18,771,000 in fiscal year 2005 are for child care assistance according to Minnesota Statutes, section 119B.03. These appropriations are available to be

New language is indicated by underline, deletions by ~~strikeout~~.

spent either year. The fiscal years 2006 and 2007 general fund base for basic sliding fee child care is \$30,312,000 each year.

MFIP CHILD CARE. Of this appropriation, ~~\$69,543,000~~ \$67,935,000 in fiscal year 2004 and ~~\$63,720,000~~ \$68,635,000 in fiscal year 2005 are for MFIP child care.

CHILD CARE PROGRAM INTEGRITY. Of this appropriation, \$425,000 in fiscal year 2004, and \$376,000 in fiscal year 2005 are for the administrative costs of program integrity and fraud prevention for child care assistance under Minnesota Statutes, chapter 119B.

CHILD CARE DEVELOPMENT. Of this appropriation, \$1,115,000 in fiscal year 2004, and \$1,164,000 in fiscal year 2005 are for child care development grants according to Minnesota Statutes, section 119B.21.

Sec. 10. EFFECTIVE DATE.

Sections 1 to 9 are effective the day following final enactment, unless a different effective date is specified.

ARTICLE 3

ADDITIONAL REVENUES

Section 1. Minnesota Statutes 2003 Supplement, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **ADDITIONAL REVENUES; PRIORITY.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000; and

(2) the budget reserve account established in subdivision 1a until that account reaches \$653,000,000;

New language is indicated by underline, deletions by ~~strikeout~~.

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent; and

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph (c), and Laws 2003, First Special Session chapter 9, article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before any transfer is made under section 16A.1522.

(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

EFFECTIVE DATE. This section is effective the day following final enactment.

ARTICLE 4

PUBLIC FACILITIES AUTHORITY

Section 1. Minnesota Statutes 2002, section 446A.12, subdivision 1, is amended to read:

Subdivision 1. **BONDING AUTHORITY.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed \$1,000,000,000 \$1,250,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 2002, section 446A.14, is amended to read:

446A.14 INTEREST EXCHANGES RATE SWAPS AND OTHER AGREEMENTS.

The authority may enter into an agreement with a third party for an exchange of interest rates under this subdivision. With respect to outstanding obligations bearing interest at a variable rate, the authority may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations, in exchange for an agreement by the third party to pay sums equal to interest on a similar amount at a variable rate determined according to a formula set out in the agreement. With respect to outstanding obligations bearing interest at a fixed rate or rates, the authority may agree to pay sums equal to interest at a variable rate determined according to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the obligations in exchange for an agreement by the third party to pay sums equal to interest on a similar amount at a fixed rate or rates set out in the agreement. Subject to any applicable bonds covenants, payments required to be made by the municipality under the swap agreement may be made from amounts secured to pay debt service on the obligations with respect to which the swap agreement was made from any other available source of the authority.

Subdivision 1. AGREEMENTS. (a) The authority may enter into interest rate exchange or swap agreements, hedges, forward purchase or sale agreements, loan sale or pooling agreements or trusts, or other similar agreements in connection with:

- (1) the issuance or proposed issuance of bonds;
- (2) the making, proposed making, or sale of loans or other financial assistance or investments;
- (3) outstanding bonds, loans, or other financial assistance; or
- (4) existing similar agreements.

(b) The agreements authorized by this subdivision include, without limitation, master agreements, options or contracts to enter into those agreements in the future and related agreements, including, without limitation, agreements to provide credit enhancement, liquidity, or remarketing; valuation; monitoring; or administrative services currently or in the future. However, the term of an option to enter into an interest rate swap, exchange, hedge, or other similar agreement and the term of a contract to sell, buy, or refund bonds in the future must not exceed five years and the authorization of the authority to enter into option agreements with respect to interest rate swap agreements expires on December 31, 2008; provided that the option agreements entered into prior to that date remain valid agreements of the authority after that date.

(c) The agreements authorized by this subdivision or supplements to master agreements may be entered into on the basis of negotiation with a qualified third party or through a competitive proposal process on terms and conditions and with covenants and provisions approved by the authority and may include, without limitation:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) provisions establishing reserves;

(2) pledging assets or revenues of the authority for current or other payments or termination payments;

(3) contracting with the other parties to the agreements to provide for the custody, collection, securing, investment, and payment of money of the authority or money held in trust; or

(4) requiring the issuance of bonds or entering into loans or other agreements authorized by this subdivision in the future.

(d) Subject to the terms of the agreement and other agreements of the authority with bondholders or other third parties, the agreements authorized by this subdivision may be general or limited obligations of the authority payable from all available or certain specified funds appropriated to the authority. The agreements authorized by this subdivision do not constitute debt of the authority for the purposes of the limits on bonds or notes of the authority set forth in section 446A.12, subdivision 1.

(e) The authority may issue bonds to provide funds to make payments, including, without limitation, termination payments pursuant to an agreement authorized by this subdivision.

(f) The aggregate notional amount of interest rate swap or exchange agreements in effect at any time must not exceed an amount equal to ten percent of the aggregate principal amount of bonds the authority is authorized to have outstanding pursuant to section 446A.12, subdivision 1, including the notional amount of interest rate swap or exchange agreements with respect to which a reversing agreement has been entered into, the effect of which is to terminate the original agreement or a portion thereof, and reversing agreements with respect to all or a portion of existing agreements.

Subd. 2. POWERS OF AUTHORITY. For the purposes of this section, the authority may exercise all powers provided in this chapter. The authority may consent, whenever it considers it necessary or desirable in connection with agreements entered into under this subdivision, to modifications, amendments, or waivers of the terms of the agreements. The proceeds of any agreements entered into pursuant to this subdivision are appropriated to the authority pursuant to section 446A.11, subdivision 13. The agreements entered into pursuant to this subdivision are not subject to sections 16C.03, subdivision 4, and 16C.05.

Sec. 3. Minnesota Statutes 2002, section 446A.17, is amended to read:

446A.17 NONLIABILITY.

Subdivision 1. NONLIABILITY OF INDIVIDUALS. No member of the authority or other person executing the bonds, loans, interest rate swaps, or other agreements or contracts of the authority is liable personally on the bonds, loans, interest rate swaps, or other agreements or contracts of the authority or is subject to any personal liability or accountability by reason of their issuance, execution, delivery, or performance.

New language is indicated by underline, deletions by strikeout.

Subd. 2. **NONLIABILITY OF STATE.** The state is not liable on bonds, loans, interest rate swaps, or other agreements or contracts of the authority issued or entered into under this chapter and those bonds the bonds, loans, interest rate swaps, or other agreements or contracts of the authority are not a debt of the state. The bonds, loans, interest rate swaps, or other agreements or contracts of the authority must contain on their face a statement to that effect.

Sec. 4. Minnesota Statutes 2002, section 446A.19, is amended to read:

446A.19 STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.

The state pledges and agrees with the holders of bonds issued under sections 446A.051, and 446A.12 to 446A.20 or other parties to any loans, interest rate swaps, or other agreements or contracts of the authority that the state will not limit or alter the rights vested in the authority to fulfill the terms of any agreements made with the bondholders or parties to any loans, interest rate swaps, or other agreements or contracts of the authority or in any way impair the rights and remedies of the holders until the bonds, together with interest on them, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the bondholders, are fully met and discharged or, with respect to any loans, interest rate swaps, or other agreements or contracts of the authority, the agreements have been fully performed by the authority or otherwise terminated or discharged. The authority may include this pledge and agreement of the state in any agreement with the holders of bonds issued under sections 446A.051, and 446A.12 to 446A.20 or in any loans, interest rate swaps, or other agreements or contracts of the authority.

Presented to the governor May 18, 2004

Signed by the governor May 29, 2004, 1:20 p.m.

CHAPTER 273—H.F.No. 2642

An act relating to family law; providing for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative; requiring certain parent education programs; requiring a notice; requiring a report; appropriating money; amending Minnesota Statutes 2002, sections 517.07; 517.08, by adding a subdivision; 517.10; 517.13; 517.18, subdivision 1; 518.091; 518.157, subdivision 3; Minnesota Statutes 2003 Supplement, sections 517.08, subdivisions 1b, 1c; proposing coding for new law in Minnesota Statutes, chapters 256; 517.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. [256.742] MINNESOTA HEALTHY MARRIAGE AND RESPONSIBLE FATHERHOOD INITIATIVE.

Subdivision 1. ESTABLISHMENT. Within the limits of available appropriations, the commissioner shall develop and implement a Minnesota Healthy Marriage

New language is indicated by underline, deletions by ~~strikeout~~.