

EIGHTY-FOURTH DAY

St. Paul, Minnesota, Monday, April 7, 2014

The Senate met at 11:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Bakk imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Dennis Morreim.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

The roll was called, and the following Senators answered to their names:

Anderson	Dziedzic	Jensen	Ortman	Sheran
Bakk	Eaton	Johnson	Osmek	Sieben
Benson	Eken	Kent	Pappas	Skoe
Bonoff	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Brown	Franzen	Koenen	Petersen, B.	Stumpf
Carlson	Gazelka	Latz	Pratt	Thompson
Chamberlain	Hall	Limmer	Reinert	Tomassoni
Champion	Hann	Lourey	Rest	Torres Ray
Clausen	Hawj	Marty	Rosen	Weber
Cohen	Hayden	Metzen	Ruud	Westrom
Dahle	Hoffman	Nelson	Saxhaug	Wiger
Dahms	Housley	Newman	Scalze	Wiklund
Dibble	Ingebrigtsen	Nienow	Senjem	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 2004.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned April 4, 2014

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 183:

H.F. No. 183: A bill for an act relating to data practices; enhancing certain penalties and procedures related to unauthorized access to data by a public employee; amending Minnesota Statutes 2012, sections 13.05, subdivision 5; 13.055; 13.09; 299C.40, subdivision 4.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Holberg, Hilstrom and Hortman have been appointed as such committee on the part of the House.

House File No. 183 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 4, 2014

Senator Bakk, for Senator Dibble, moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 183, and that a Conference Committee of 3 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2397, 2701 and 3167.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 4, 2014

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2397: A bill for an act relating to education; providing for policy and technical modifications in early childhood and family, kindergarten through grade 12, and adult education including general education, education excellence, English learners and language proficiency, special programs, nutrition, libraries, unsession and conforming changes, and an interstate compact; amending Minnesota Statutes 2012, sections 13.32, subdivision 6; 119A.535; 120A.22, subdivision 2; 120A.32; 120B.022; 120B.12; 120B.31, by adding a subdivision; 120B.35, subdivision 4; 121A.36; 121A.582, subdivision 1; 122A.06, subdivision 4; 122A.09, subdivision 7; 122A.14, subdivisions 2, 3; 122A.18, subdivisions 2a, 4; 122A.19; 122A.40, subdivision 5; 122A.41, subdivision 2; 122A.413, subdivision 2; 122A.414, subdivision 2; 122A.48, subdivision 3; 122A.60, subdivisions 1a, 2, 3; 122A.68, subdivision 3; 122A.74; 123A.06, subdivision 2; 123B.04, subdivision 4; 123B.147, subdivision 3; 124D.03, subdivisions 3, 4, 5, 6, by adding a

subdivision; 124D.08, by adding a subdivision; 124D.09, subdivision 9; 124D.111, subdivision 3; 124D.13, subdivision 2; 124D.141, subdivision 3; 124D.15, subdivision 3; 124D.49, subdivision 3; 124D.52, as amended; 124D.522; 124D.59, subdivision 2, by adding a subdivision; 124D.895; 124D.8955; 124D.896; 125A.023, subdivisions 3, 4; 125A.027, subdivisions 1, 4; 125A.03; 125A.08; 125A.22; 127A.065; 127A.41, subdivision 7; 127A.70, subdivision 1, by adding a subdivision; 128C.02, subdivision 5; 134.355, subdivision 8; 260D.06, subdivision 2; Minnesota Statutes 2013 Supplement, sections 120A.22, subdivision 5; 120B.021, subdivision 4; 120B.11; 120B.115; 120B.125; 120B.30, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2; 122A.40, subdivision 8; 122A.41, subdivision 5; 124D.10, subdivisions 1, 3, 4, 6, 6a, 8, 9, 17a, 17b; 124D.11, subdivision 4; 124D.165, subdivisions 2, 4; 124D.4531, subdivisions 1, 3, 3a; 124D.52, subdivision 8; 124D.861, subdivision 3; 125A.30; 127A.70, subdivision 2; 626.556, subdivision 2; Laws 2011, First Special Session chapter 11, article 2, section 12; Laws 2012, chapter 263, section 1; proposing coding for new law in Minnesota Statutes, chapters 123A; 124D; 127A; repealing Minnesota Statutes 2012, sections 119A.04, subdivision 3; 119A.08; 120A.30; 120B.19; 120B.24; 121A.17, subdivision 9; 122A.19, subdivision 3; 122A.52; 122A.53; 122A.61, subdivision 2; 123B.15; 123B.16; 123B.17; 123B.18; 123B.26; 123B.27; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.31; 125A.027, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1889, now on General Orders.

H.F. No. 2701: A bill for an act relating to disaster relief; creating a disaster assistance contingency account; requiring transfer of unused disaster relief appropriations to the disaster assistance contingency account; establishing a disaster relief cost-share relationship between the state, local governments, and American Indian tribes and bands; authorizing state public disaster assistance in the absence of federal public disaster assistance; appropriating money; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 16A.28, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 12B.

Referred to the Committee on Finance.

H.F. No. 3167: A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; providing for and increasing credits; modifying local government aids; modifying exclusions, exemptions, and levy deadlines; imposing a tax on solar energy production; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; allowing for temporary sales and use tax amnesty; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; modifying certain county levy authority; allocating additional tax reductions for border cities; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring a report; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4;

270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions 1a, 1d; 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.032; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.068, subdivisions 3, 6a; 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 69; 116J; 168A; 272; 290; 383A; 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5;

469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4; 477A.085; Laws 1993, chapter 375, article 9, section 47; Laws 2014, chapter 150, article 1, section 17; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Skoe from the Committee on Taxes, to which was re-referred

S.F. No. 2128: A bill for an act relating to the state lottery; prohibiting online sale of lottery tickets; amending Minnesota Statutes 2012, section 349A.13.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 349A.13, is amended to read:

349A.13 RESTRICTIONS.

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game; ~~and~~

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.; and

(4) authorizes the director to sell or contract to sell lottery tickets through a Web site or through a self-service device that is part of, shares a display with, or is adjacent to a retail petroleum dispenser under section 239.751."

Amend the title as follows:

Page 1, line 2, after "tickets" insert "and play-at-the-pump lottery games"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 2859: A bill for an act relating to transportation finance; modifying certain appropriations and transfers; amending Laws 2010, chapter 189, section 15, subdivision 12; Laws 2012, chapter 287, article 2, section 1; Laws 2012, First Special Session chapter 1, article 1, section 28.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2013, chapter 117, article 1, unless otherwise specified, to the agencies and for the purposes specified in this article. Unless otherwise specified, the appropriations are not added to the base appropriation for each purpose. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. For purposes of this article, "the first year" is fiscal year 2014, "the second year" is fiscal year 2015, and "the biennium" is fiscal years 2014 and 2015.

APPROPRIATIONS
Available for the Year
Ending June 30
2014 2015

Sec. 2. DEPARTMENT OF TRANSPORTATION

Subdivision 1. <u>Total Appropriation</u>	\$	-0-	\$	<u>111,550,000</u>
--	-----------	------------	-----------	---------------------------

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Multimodal Systems

(a) <u>Transit</u>	<u>650,000</u>
---------------------------	-----------------------

(b) <u>Highway-Rail Grade Crossings; Oil and Other Hazardous Material</u>	<u>10,000,000</u>
--	--------------------------

This appropriation is for development and implementation of safety improvements at highway grade crossings along rail corridors in which oil or other hazardous materials are transported. The commissioner shall identify highway-rail grade crossing locations and improvements in consultation with railroads and relevant road authorities. This amount is available until expended.

(c) <u>Safe Routes to School</u>	<u>6,000,000</u>
---	-------------------------

This appropriation is for capital infrastructure projects in the safe routes to school program

under Minnesota Statutes, section 174.40.
This amount is available until expended.

(d) Port Development Assistance Program

500,000

This appropriation is for grants under
Minnesota Statutes, chapter 457A. Any
improvements made with the proceeds of
these grants must be publicly owned.

Subd. 3. State Roads

(a) Winter-Related Trunk Highway Repair

10,000,000

This appropriation is for materials, supplies,
equipment, and labor related to road repair
resulting from effects of the 2013-2014 winter
season. This appropriation is available until
expended.

(b) State Road Construction

5,000,000

This appropriation is for the actual
construction, reconstruction, and
improvement of trunk highways, including
design-build contracts and consultant usage
to support these activities. This includes the
cost of actual payment to landowners for
lands acquired for highway rights-of-way,
payment to lessees, interest subsidies, and
relocation expenses.

(c) Transportation Economic Development Program

10,000,000

This appropriation is for the transportation
economic development program under
Minnesota Statutes, section 174.12. This
appropriation is available until expended.

(d) Corridors of Commerce Program

30,000,000

This appropriation is for the corridors
of commerce program under Minnesota
Statutes, section 161.088. Of this
appropriation, the commissioner may use
up to \$5,100,000 for program delivery. This
appropriation is available until expended.

Subd. 4. Local Roads

(a) Winter-Related City Street Repair-0-1,200,000

This appropriation is from the general fund to the commissioner of transportation for deposit in the county state-aid highway fund. For purposes of this paragraph "small cities" means cities with populations less than 5,000 that are not eligible for state aid under Minnesota Statutes, sections 162.09 to 162.14. The commissioner shall apportion this appropriation to each county so that each county receives the percentage that the total miles of nonstate-aid roads in small cities located in the county bears to the total miles of nonstate-aid roads in the state. Money so allocated shall be set apart and credited to the municipal account of each county. Money apportioned and allocated to each county under this paragraph must be distributed from the municipal account by each county treasurer to the treasurer of each small city within the county, according to the percentage that the total miles of nonstate-aid roads in the small city bears to the total miles of nonstate-aid roads in small cities in the county. This appropriation is for materials, supplies, equipment, and labor related to road repair resulting from effects of the 2013-2014 winter season. This is a onetime appropriation.

(b) Winter-Related Town Road Repair-0-1,200,000

This appropriation is from the general fund to the commissioner of transportation for deposit in the town road account in the county state-aid highway fund. This amount must be apportioned to each county so that each county receives the percentage that the total miles of town road in the county bears to the total miles of town roads in the state. Money apportioned and allocated to each county under this paragraph from the town road account must be distributed by each county treasurer to the treasurer of each town within the county, according to the percentage that the total miles of town roads in the town bears

to the total miles of town roads in the county. The appropriation is for materials, supplies, equipment, and labor related to road repair resulting from effects of the 2013-2014 winter season. This is a onetime appropriation.

<u>(c) Winter-Related County State-Aid Road Repair</u>	<u>-0-</u>	<u>11,500,000</u>
---	------------	-------------------

This appropriation is from the general fund to the commissioner of transportation for deposit in the county state-aid highway fund, of which a minimum of \$3,816,000 is for materials, supplies, equipment, and labor related to road repair resulting from effects of the 2013-2014 winter season. The commissioner shall apportion funds to counties in the same manner as county state-aid highway funds provided for calendar year 2014 under Minnesota Statutes, section 162.07. This is a onetime transfer and does not add to the base appropriation from the county state-aid highway fund.

<u>(d) Winter-Related Municipal State-Aid Road Repair</u>	<u>-0-</u>	<u>3,500,000</u>
--	------------	------------------

This appropriation is from the general fund to the commissioner of transportation for deposit in the municipal state-aid street fund, of which a minimum of \$1,184,000 is for materials, supplies, equipment, and labor related to road repair resulting from effects of the 2013-2014 winter season. The commissioner shall apportion funds to cities in the same manner as municipal state-aid street funds provided for calendar year 2014 under Minnesota Statutes, section 162.13. This is a onetime transfer and does not add to the base appropriation from the municipal state-aid street fund.

<u>(e) County State-Aid; Metropolitan Counties</u>	<u>-0-</u>	<u>22,000,000</u>
---	------------	-------------------

This appropriation is from the general fund to the commissioner of transportation for deposit in the county state-aid highway fund. Notwithstanding any law to the contrary, the commissioner shall allocate the amount

transferred under this clause to the counties in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in Minnesota Statutes, section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause. This is a onetime transfer and does not add to the base appropriation from the county state-aid highway fund in this subdivision.

Sec. 3. **METROPOLITAN COUNCIL**

Subdivision 1. **Total Appropriation**

\$ 18,850,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Transitways Development**

14,500,000

This appropriation is for the development of one or more transitway capital projects, consistent with the priorities and objectives identified in the most recent version of the transportation policy plan adopted by the council under Minnesota Statutes, section 473.146. The transitway capital project or projects must be jointly selected by the council and the Counties Transit Improvement Board. The council and the Counties Transit Improvement Board shall seek geographic balance in the allotment of this appropriation where possible and maximize the use of all available federal money. This is a onetime appropriation and is available until expended.

Subd. 3. **Suburban Transit Providers**

4,350,000

This appropriation is for allocation to replacement service providers operating under Minnesota Statutes, section 473.388.

Sec. 4. STILLWATER LIFT BRIDGE ENDOWMENT.

Upon request of the commissioner of transportation, the commissioner of management and budget shall transfer up to \$6,000,000 from the general fund to the Stillwater lift bridge endowment account established in Minnesota Statutes, section 165.15.

Sec. 5. TRANSFER; RAILROAD SAFETY.

On or before July 31, 2014, the commissioner of management and budget shall transfer \$2,500,000 from the general fund to the railroad safety account in the special revenue fund under Minnesota Statutes, section 299A.55. This is a onetime transfer."

Amend the title numbers accordingly

And when so amended the bill do pass and be re-referred to the Committee on Capital Investment. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 3172: A bill for an act relating to state government; providing supplemental appropriations for higher education, jobs and economic development, public safety, corrections, transportation, environment, natural resources, and agriculture, kindergarten through grade 12 and adult education, health and human services; making forecast adjustments; modifying prior appropriations; modifying disposition of certain revenues; dedicating money to the Board of Trustees of the Minnesota State Colleges and Universities for compensation costs associated with settlement of employment contracts; dedicating certain funds for homeownership opportunities for families evicted or given notice of eviction due to a disabled child in the home; requiring the housing finance agency to improve efforts to reduce racial and ethnic inequalities in homeownership rates; creating an office of regenerative medicine development; modifying workforce program outcomes; creating job training programs; providing funding for the Minnesota Racing Commission; providing a grant to the Mille Lacs Tourism Council; funding Peace Officer Standards and Training Board; modifying certain provisions pertaining to victims of domestic violence and sentencing for criminal sexual conduct; continuing the fire safety advisory committee; providing for disaster assistance for public entities when federal aid is granted and when federal aid is absent; establishing certain transportation oversight authority; modifying provisions for railroad and pipeline safety; modifying certain transportation provisions; providing compensation for bee deaths due to pesticide poisoning; establishing pollinator emergency response team; providing nonresident off-highway motorcycle state trail pass; requiring certain recycling; modifying solid waste reduction; regulating harmful chemicals in children's products; providing for state parks and trails license plates, and licensing and inspection of commercial dog and cat breeders; providing for invasive terrestrial plants and pests center; providing funding and policy modifications for early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, special education, facilities, nutrition, community education, self-sufficiency and lifelong learning, and state agencies; making changes to provisions governing the Department of Health, Department of Human Services, children and family services, continuing care, community first services and supports, health care, public assistance programs, and chemical dependency; providing for unborn child protection; modifying the hospital payment system; modifying provisions governing background studies and home and community-based services standards; setting fees; providing rate increases; establishing grant programs; modifying medical assistance provisions; modifying the use of positive support strategies and emergency

manual restraint; providing for certain grants; defining terms; creating accounts; requiring reports; providing penalties; authorizing rulemaking; amending Minnesota Statutes 2012, sections 12.03, by adding subdivisions; 12.221, subdivision 4, by adding a subdivision; 12A.02, subdivision 2, by adding subdivisions; 12A.03, subdivision 3; 12A.15, subdivision 1; 13.46, subdivision 4; 13.643, subdivision 6; 13.7411, subdivision 8; 13.84, subdivisions 5, 6; 16A.28, by adding a subdivision; 18B.01, by adding subdivisions; 18B.03, by adding a subdivision; 18B.04; 84.788, subdivision 2; 85.053, subdivision 2; 85.34, subdivision 7; 85A.02, subdivision 2; 103G.271, subdivision 6; 115A.151; 115A.55, subdivision 4; 115A.551, subdivisions 1, 2a; 115A.557, subdivisions 2, 3; 115B.39, subdivision 2; 115E.01, by adding subdivisions; 115E.08, by adding subdivisions; 116.9401; 116.9402; 116.9403; 116.9405; 116.9406; 116L.98; 119B.09, subdivision 9a, by adding a subdivision; 121A.19; 122A.40, subdivision 13; 122A.41, subdivision 6; 122A.415, subdivision 1; 123A.05, subdivision 2; 123A.485; 123A.64; 123B.57, subdivision 6; 123B.71, subdivisions 8, 9; 124D.09, subdivisions 9, 13; 124D.111, by adding a subdivision; 124D.16, subdivision 2; 124D.522; 124D.531, subdivision 3; 124D.59, subdivision 2; 125A.76, subdivision 2; 126C.10, subdivisions 25, 26; 127A.45, subdivisions 2, 3; 127A.49, subdivisions 2, 3; 129C.10, subdivision 3, by adding a subdivision; 144.0724, as amended; 144.551, subdivision 1; 145.4131, subdivision 1; 165.15, subdivision 2; 169.826, by adding a subdivision; 169.8261, by adding a subdivision; 169.86, subdivision 5; 169.863, by adding a subdivision; 169.865, subdivisions 1, 2, by adding a subdivision; 169.866, subdivision 3, by adding a subdivision; 174.24, by adding a subdivision; 174.56, subdivision 1, by adding a subdivision; 179.02, by adding a subdivision; 181A.07, by adding a subdivision; 219.015, subdivisions 1, 2; 243.167, subdivision 1; 245A.03, subdivision 2c; 245C.03, by adding a subdivision; 245C.04, by adding a subdivision; 245C.05, subdivision 5; 245C.10, by adding a subdivision; 245C.33, subdivisions 1, 4; 252.27, by adding a subdivision; 252.451, subdivision 2; 254B.12; 256.01, by adding a subdivision; 256.9685, subdivisions 1, 1a; 256.9686, subdivision 2; 256.969, subdivisions 1, 2, 2b, 3a, 3b, 3c, 6a, 8, 8a, 9, 10, 12, 14, 17, 18, 25, 30, by adding subdivisions; 256.9752, subdivision 2; 256B.04, by adding a subdivision; 256B.0625, subdivisions 18b, 18c, 18d, 18g, 30, by adding a subdivision; 256B.0751, by adding a subdivision; 256B.199; 256B.35, subdivision 1; 256B.431, by adding a subdivision; 256B.434, by adding a subdivision; 256B.441, by adding a subdivision; 256B.5012, by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivision 2; 256J.49, subdivision 13; 256J.53, subdivisions 1, 2, 5; 256J.531; 257.85, subdivision 11; 260C.212, subdivision 1; 260C.515, subdivision 4; 260C.611; 299F.012, subdivisions 1, 2; 469.084, by adding a subdivision; 473.408, by adding a subdivision; 609.135, subdivision 2; 609.3451, subdivision 3; 611A.06, by adding a subdivision; Minnesota Statutes 2013 Supplement, sections 16A.724, subdivision 2; 123B.53, subdivisions 1, 5; 123B.54; 123B.75, subdivision 5; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.165, subdivision 5; 124D.531, subdivision 1; 124D.65, subdivision 5; 124D.862, subdivisions 1, 2; 125A.0942; 125A.11, subdivision 1; 125A.76, subdivisions 1, 2a, 2b, 2c; 125A.79, subdivisions 1, 5, 8; 126C.05, subdivision 15; 126C.10, subdivisions 2, 2a, 2d, 24, 31; 126C.17, subdivisions 6, 7b, 9, 9a; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; 145.4716, subdivision 2; 168.123, subdivision 2; 174.42, subdivision 2; 245.8251; 245A.03, subdivision 7; 245A.042, subdivision 3; 245A.16, subdivision 1; 245C.08, subdivision 1; 245D.02, subdivisions 3, 4b, 8b, 11, 15b, 29, 34, 34a, by adding a subdivision; 245D.03, subdivisions 1, 2, 3, by adding a subdivision; 245D.04, subdivision 3; 245D.05, subdivisions 1, 1a, 1b, 2, 4, 5; 245D.051; 245D.06, subdivisions 1, 2, 4, 6, 7, 8; 245D.071, subdivisions 3, 4, 5; 245D.081, subdivision 2; 245D.09, subdivisions 3, 4a; 245D.091, subdivisions 2, 3, 4; 245D.10, subdivisions 3, 4; 245D.11, subdivision 2; 256B.04, subdivision 21; 256B.056, subdivision 5c; 256B.0625, subdivisions 17, 18e; 256B.0949, subdivisions 4, 11; 256B.439, subdivisions 1, 7; 256B.441, subdivision 53;

256B.4912, subdivision 1; 256B.492; 256B.69, subdivision 34; 256B.85, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 23, 24, by adding subdivisions; 256N.22, subdivisions 1, 2, 4; 256N.23, subdivision 4; 256N.25, subdivisions 2, 3; 256N.26, subdivision 1; 256N.27, subdivision 4; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; Laws 2009, chapter 83, article 1, section 10, subdivision 7; Laws 2010, chapter 189, sections 15, subdivision 12; 26, subdivision 4; Laws 2012, chapter 249, section 11; Laws 2012, chapter 263, section 1; Laws 2012, chapter 287, article 2, sections 1; 3; Laws 2012, First Special Session chapter 1, article 1, section 28; Laws 2013, chapter 1, section 6, as amended; Laws 2013, chapter 85, article 1, sections 3, subdivisions 2, 5, 6; 4, subdivisions 1, 2; 5; 13, subdivision 5; Laws 2013, chapter 86, article 1, sections 12, subdivision 3, as amended; 13; Laws 2013, chapter 108, article 1, section 24; article 3, section 48; article 7, sections 14; 49; article 14, sections 2, subdivisions 1, 4, as amended, 5, 6, as amended; 3, subdivisions 1, 4; 4, subdivision 8; 12; Laws 2013, chapter 114, article 3, section 4, subdivision 3; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, 3, 4, 5, 6, 7, 11; article 3, section 37, subdivisions 3, 4, 5, 6, 8, 11, 15, 20; article 4, section 9, subdivision 2; article 5, section 31, subdivisions 2, 3, 4, 8; article 6, section 12, subdivisions 2, 3, 4, 5, 6; article 7, section 21, subdivisions 2, 3, 4, 6, 7, 9; article 8, section 5, subdivisions 2, 3, 4, 10, 11, 14; article 9, sections 1, subdivision 2; 2; Laws 2013, chapter 117, article 1, sections 3, subdivisions 2, 3; 4; proposing coding for new law in Minnesota Statutes, chapters 8; 18B; 19; 84; 85; 87A; 115E; 116; 116J; 123A; 123B; 124D; 129C; 144; 144A; 145; 168; 219; 299A; 347; 473; proposing coding for new law as Minnesota Statutes, chapter 12B; repealing Minnesota Statutes 2012, sections 115A.551, subdivision 2; 116J.997; 123B.71, subdivision 1; 256.969, subdivisions 2c, 8b, 9a, 9b, 11, 13, 20, 21, 22, 26, 27, 28; 256.9695, subdivisions 3, 4; Minnesota Statutes 2013 Supplement, sections 256B.0625, subdivision 18f; 256N.26, subdivision 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

HIGHER EDUCATION

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2013, chapter 99, article 1, unless otherwise specified, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figure "2015" used in this article mean that the appropriation listed under them are available for the fiscal year ending June 30, 2015.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2014</u>	<u>2015</u>
Sec. 2. <u>OFFICE OF HIGHER EDUCATION</u>	<u>\$</u>	<u>1,000,000</u>

This appropriation is for immediate transfer to College Possible for the purpose of expanding College Possible coaching and mentoring programs in Minnesota schools. The appropriation shall be used for:

(1) increasing the number of low-income high school students served by College Possible by adding at least 150 students and partnering with at least three additional high schools in 2015;

(2) expenses related to direct support for low-income high school students in after-school programming led by College Possible; and

(3) coaching and support of low-income college students through the completion of their college degree.

College Possible must, by February 1, 2015, report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education on activities funded by this appropriation. The report must include, but is not limited to, information about the expansion of College Possible in Minnesota, the number of College Possible coaches hired, the expansion within existing partner high schools, the expansion of high school partnerships, the number of high school and college students served, the total hours of community service by high school and college students, and a list of communities and organizations benefitting from student service hours.

This appropriation must not be used for the expansion and support of College Possible outside of Minnesota.

This is a onetime appropriation.

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

§ 17,000,000

This is a onetime appropriation.

Sec. 4. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation** \$ 7,500,000

Subd. 2. **Operations and Maintenance** 2,500,000

This is a onetime appropriation for fiscal year 2015 only and is to address immediate and critical financial challenges in order to preserve academic programs and student service levels. The Board of Regents is requested to allocate this appropriation to meet financial challenges at the University of Minnesota-Duluth campus.

Subd. 3. **Health Sciences Special** 5,000,000

This appropriation is for the purpose of research related to regenerative medicine. The university is requested to constitute an advisory group on regenerative medicine composed of at least five members with experience in regenerative medicine, including one member each from:

- (1) the Mayo Clinic;
- (2) the University of Minnesota;
- (3) private industry; and
- (4) at least two others with expertise in regenerative medicine.

Prior to expending the appropriation, the university must receive and consider the advice of the advisory group.

The appropriation may be used entirely for University of Minnesota research or may be allocated in whole or in part to research conducted by others including the Mayo Clinic.

Sec. 5. **DEPARTMENT OF LABOR AND INDUSTRY** \$ 250,000

For the purpose of the competency standard program in section 19. This is a onetime appropriation.

Sec. 6. DEPARTMENT OF EMPLOYMENT AND
ECONOMIC DEVELOPMENT

\$ 232,000

This appropriation is for the purpose of the commissioner's duties under section 116L.98 and the accountability plan under section 22. This is a onetime appropriation.

Sec. 7. Minnesota Statutes 2012, section 116L.98, is amended to read:

116L.98 WORKFORCE PROGRAM OUTCOMES.

Subdivision 1. **Requirements.** The commissioner shall develop and implement a set of standard approaches for assessing the outcomes of workforce programs under this chapter. The outcomes assessed must include, but are not limited to, periodic comparisons of workforce program participants and nonparticipants uniform outcome measurement and reporting system for adult workforce-related programs under chapters 116J and 116L.

The commissioner shall also monitor the activities and outcomes of programs and services funded by legislative appropriations and administered by the department on a pass-through basis and develop a consistent and equitable method of assessing recipients for the costs of its monitoring activities.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Credential" means postsecondary degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance within an occupation. "Credential" does not include certificates awarded by workforce investment boards or work-readiness certificates.

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Preenrollment" means the period of time before an individual was enrolled in a workforce program.

Subd. 3. **Uniform outcome report card; reporting by the commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

(1) the total number of participants enrolled;

(2) the median preenrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;

(3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;

(4) the total number of participants enrolled in training;

(5) the total number of participants enrolled in training by occupational group;

(6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;

(7) the total number of exited participants who completed training;

(8) the total number of exited participants who attained a credential;

(9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;

(10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;

(11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; and

(12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit.

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Subd. 4. **Data to commissioner; uniform report card.** (a) A recipient of a direct appropriation or grant made by or through the department must report data to the commissioner by September 1 of each even-numbered year on each of the items in subdivision 3 for each program it administers except wages and number employed which the department shall provide. The data must be in a format prescribed by the commissioner.

(b) Beginning July 1, 2014, the commissioner shall provide notice to grant applicants and recipients regarding the data collection and reporting requirements under this subdivision and must provide technical assistance to applicants and recipients to assist in complying with the requirements of this subdivision.

Subd. 5. **Information.** The information collected and reported under subdivisions 3 and 4 shall be made available on the department's Web site.

Sec. 8. [135A.0431] MILITARY VETERANS; RESIDENT TUITION.

(a) A person who is honorably discharged from the armed forces of the United States is entitled to the resident tuition rate at Minnesota public postsecondary institutions.

(b) This section is in addition to any other statute, rule, or higher education institution regulation or policy providing eligibility for a resident tuition rate or its equivalent to a student.

EFFECTIVE DATE. This section is effective for academic terms beginning after August 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 136A.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The Minnesota Office of Higher Education is responsible for:

(1) necessary state level administration of financial aid programs, including accounting, auditing, and disbursing state and federal financial aid funds, and reporting on financial aid programs to the governor and the legislature;

(2) approval, registration, licensing, and financial aid eligibility of private collegiate and career schools, under sections 136A.61 to 136A.71 and chapter 141;

(3) determining whether to enter into an interstate reciprocity agreement regarding postsecondary distance education;

~~(3)~~ (4) negotiating and administering reciprocity agreements;

~~(4)~~ (5) publishing and distributing financial aid information and materials, and other information and materials under section 136A.87, to students and parents;

~~(5)~~ (6) collecting and maintaining student enrollment and financial aid data and reporting data on students and postsecondary institutions to develop and implement a process to measure and report on the effectiveness of postsecondary institutions;

~~(6)~~ (7) administering the federal programs that affect students and institutions on a statewide basis; and

~~(7)~~ (8) prescribing policies, procedures, and rules under chapter 14 necessary to administer the programs under its supervision.

(b) The office may match individual student data from the student record enrollment database with individual student financial aid data collected and maintained by the office in order to audit or evaluate federal or state supported education programs as permitted by United States Code, title 20, section 1232g(b)(3), and Code of Federal Regulations, title 34, section 99.35. The office shall not release data that personally identifies parents or students other than to employees and contractors of the office.

Sec. 10. Minnesota Statutes 2012, section 136A.1702, is amended to read:

136A.1702 LEGISLATIVE OVERSIGHT.

The office shall notify the chairs of the legislative committees with primary jurisdiction over higher education finance of any proposed material change to any of its student loan programs, including loan refinancing under section 136A.1704, prior to making the change.

Sec. 11. **[136A.1704] STUDENT LOAN REFINANCING.**

The office may refinance student and parent loans as provided by this section and on other terms and conditions the office prescribes. The office may establish credit requirements for borrowers and determine what types of student and parent loans will be eligible for refinancing. The refinanced

loan need not have been made through a loan program administered by the office. Loans shall be made with available funds in the loan capital fund under section 136A.1785. The maximum amount of outstanding loans refinanced under this section may not exceed \$100,000,000. The maximum loan under this section may not exceed \$70,000.

EFFECTIVE DATE. This section is effective the day following final enactment, provided no loans may be refinanced prior to June 1, 2015.

Sec. 12. Minnesota Statutes 2012, section 136A.1785, is amended to read:

136A.1785 LOAN CAPITAL FUND.

The office may deposit and hold assets derived from the operation of its student loan programs and refinanced education loans authorized by this chapter in a fund known as the loan capital fund. Assets in the loan capital fund are available to the office solely for carrying out the purposes and terms of sections 136A.15 to ~~136A.1703~~ 136A.1704, including, but not limited to, making student loans authorized by this chapter, refinancing education loans authorized by this chapter, paying administrative expenses associated with the operation of its student loan programs, repurchasing defaulted student loans, and paying expenses in connection with the issuance of revenue bonds authorized under this chapter. Assets in the loan capital fund may be invested as provided in sections 11A.24 and 136A.16, subdivision 8. All interest and earnings from the investment of the loan capital fund inure to the benefit of the fund and are deposited into the fund.

Sec. 13. **[136A.221] RESEARCH DOGS AND CATS.**

(a) A higher education research facility that receives public money or a facility that provides research in collaboration with a higher education facility that confines dogs or cats for science, education, or research purposes and plans on euthanizing a dog or cat for other than science, education, or research purposes must first offer the dog or cat to an animal rescue organization. A facility that is required to offer dogs or cats to an animal rescue organization under this section may enter into an agreement with the animal rescue organization to protect the facility. A facility that provides a dog or cat to a rescue organization under this section is immune from any civil liability that otherwise might result from its actions, provided that the facility is acting in good faith.

(b) For the purposes of this section, "animal rescue organization" means any nonprofit organization incorporated for the purpose of rescuing animals in need and finding permanent, adoptive homes for the animals.

Sec. 14. **[136A.658] EXEMPTION; STATE AUTHORIZATION RECIPROCITY AGREEMENT SCHOOLS.**

(a) The office may participate in an interstate reciprocity agreement regarding postsecondary distance education if it determines that participation is in the best interest of Minnesota postsecondary students.

(b) If the office decides to participate in an interstate reciprocity agreement, an institution that meets the following requirements is exempt from the provisions of sections 136A.61 to 136A.71:

(1) the institution is situated in a state which is also participating in the interstate reciprocity agreement;

(2) the institution has been approved to participate in the interstate reciprocity agreement by the institution's home state and other entities with oversight of the interstate reciprocity agreement; and

(3) the institution has elected to participate in and operate in compliance with the terms of the interstate reciprocity agreement.

Sec. 15. [136A.89] STUDY ABROAD PROGRAMS.

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Postsecondary institution" means an institution that meets the eligibility requirements under section 136A.103 to participate in state financial aid programs.

(c) "Program" means a study abroad program offered or approved for credit by a postsecondary institution in which program participants travel outside of the United States in connection with an educational experience.

Subd. 2. **Report.** (a) A postsecondary institution, must file by November 1 of each year a report on its programs with the office. The report must contain the following information from the previous academic year, including summer terms:

(1) deaths of program participants that occurred during program participation as a result of program participation; and

(2) accidents and illnesses that occurred during program participation as a result of program participation and that required hospitalization.

Information reported under clause (1) may be supplemented by a brief explanatory statement.

(b) A postsecondary institution must report to the office annually by November 1 whether its program complies with health and safety standards set by the Forum on Education Abroad or similar study abroad program standard setting agency.

Subd. 3. **Office of Higher Education; publication of program information.** (a) The office must publish the reports required by subdivision 2, on its Web site in a format that facilitates identifying information related to a particular postsecondary institution.

(b) The office shall publish on its Web site the best available information by country on sexual assaults and other criminal acts affecting study abroad program participants during program participation. This information shall not be limited to programs subject to this section.

Subd. 4. **Program material.** A postsecondary institution must include in its written materials provided to prospective program participants a link to the office Web site stating that program health and safety information is available at the Web site.

EFFECTIVE DATE. This section is effective August 1, 2014, provided that the initial reports under subdivision 2 are due November 1, 2015.

Sec. 16. Minnesota Statutes 2012, section 181A.07, is amended by adding a subdivision to read:

Subd. 7. **Approved training programs.** The commissioner may grant exemptions from any provisions of sections 181A.01 to 181A.12 for minors participating in training programs approved by the commissioner; or students in a valid apprenticeship program taught by or required by a

trade union, the commissioner of education, the commissioner of employment and economic development, the Board of Trustees of the Minnesota State Colleges and Universities, or the Board of Regents of the University of Minnesota.

Sec. 17. Laws 2013, chapter 99, article 3, section 3, is amended to read:

Sec. 3. STATE GRANT TUITION CAPS; LIVING AND MISCELLANEOUS EXPENSE ALLOWANCE.

(a) For the purposes of the state grant program under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, the tuition maximum is \$13,000 each fiscal year of the biennium for fiscal year 2014 and \$13,620 for fiscal year 2015 for students in four-year programs, and \$5,808 in each fiscal year of the biennium for students in two-year programs.

(b) The living and miscellaneous expense allowance for the state grant program under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2015, is set at \$7,900 for each fiscal year of the biennium fiscal year 2014 and \$8,300 for fiscal year 2015.

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

Sec. 18. MINNESOTA STATE COLLEGES AND UNIVERSITIES BACCALAUREATE DEGREE COMPLETION PLAN.

The Board of Trustees of the Minnesota State Colleges and Universities shall develop a plan to implement multi-campus articulation agreements that lead to baccalaureate degree completion upon earning the number of credits required for the degree minus 60 credits at a system university after transfer to the system university by a student with an associate in arts degree, associate of science degree, or an associate of fine arts (AFA) degree from a system college. The board shall report on this plan to the legislative committees with primary jurisdiction over higher education finance and policy by March 15, 2015.

Sec. 19. COMPETENCY STANDARDS: ADVANCED MANUFACTURING, HEALTH CARE SERVICES, INFORMATION TECHNOLOGY, AND AGRICULTURE.

(a) The commissioner of labor and industry, in collaboration with the commissioner of employment and economic development, shall establish competency standards for programs in advanced manufacturing, health care services, information technology, and agriculture. This initiative shall be administered by the Department of Labor and Industry. In establishing the competency standards, the commissioner shall convene recognized industry experts, representative employers, higher education institutions, and representatives of labor to assist in defining credible competency standards acceptable to the advanced manufacturing, health care services, information technology, and agriculture industries.

(b) The outcomes expected from the initiatives in this section include:

(1) establishment of competency standards for entry level and at least two additional higher skill levels in each industry;

(2) verification of competency standards and skill levels and their transferability by representatives of each respective industry;

(3) models of ways for Minnesota educational institutions to engage in providing education and training to meet the competency standards established; and

(4) participation from the identified industry sectors.

(c) By January 15, 2015, the commissioner of labor and industry shall report to the legislative committees with jurisdiction over jobs on the progress and success, including outcomes, of the initiatives in this section and recommendations on occupations in which similar competency standards should be developed and implemented.

Sec. 20. STUDY OF NORTH DAKOTA OIL PRODUCTION; IMPACT ON MINNESOTA.

(a) The commissioner of employment and economic development, in consultation with the commissioner of revenue, shall study and analyze the effects of current and projected oil production in North Dakota on the Minnesota economy with special focus on the northwestern region of Minnesota and area border cities as provided in paragraph (b).

(b) The study and analysis must address:

(1) current and projected economic, fiscal, and demographic effects and issues;

(2) direct and indirect costs and benefits;

(3) positive and negative effects; and

(4) economic challenges and opportunities for economic growth or diversification.

(c) The study must be objective, evidence-based, and designed to produce empirical data. Study data must be utilized to formulate policy recommendations on how the state, the northwestern region of the state, and border cities may respond to the challenges and opportunities for economic growth and financial investment that may be derived from the regional economic changes that are the result of oil production in North Dakota.

(d) For the purposes of this section, "border cities" has the meaning given in Minnesota Statutes, section 469.1731.

(e) The study and analysis must be conducted by an independent entity with demonstrated knowledge in the following areas:

(1) the economy and demography of Minnesota;

(2) the domestic and foreign oil industry; and

(3) technologies, markets, and geopolitical factors that have an impact on current and future oil production in the region.

(f) The commissioner shall report on the findings and recommendations of the study to the committees of the house of representatives and senate having jurisdiction over economic development and workforce issues by February 15, 2015.

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

Sec. 21. REPORT; OFFICE OF HIGHER EDUCATION.

The Office of Higher Education shall, by February 1, 2015, report to the committees of the legislature with primary jurisdiction over higher education policy and finance, its plans and proposed

terms and conditions for operating a student loan refinancing program under section 136A.1704, along with any recommended legislation.

Sec. 22. COMMISSIONER OF EMPLOYMENT AND ECONOMIC DEVELOPMENT ACCOUNTABILITY PLAN.

By December 1, 2014, the commissioner of employment and economic development shall report to the committees of the house of representatives and senate having jurisdiction over workforce development and economic development policy and finance issues, on the department's plan, and any request for funding, to design and implement a performance accountability outcome measurement system, including a net impact analysis, for programs under Minnesota Statutes, chapter 116J and 116L.

Sec. 23. WORKFORCE PROGRAM NET IMPACT ANALYSIS.

By December 1, 2014, the commissioner of employment and economic development, in partnership with the Governor's Workforce Development Council, must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the results of the net impact pilot project already underway.

Sec. 24. STUDY ABROAD PROGRAM; ASSESSMENT OF APPROPRIATE REGULATION.

The Office of Higher Education shall, using existing staff and budget, assess the appropriate state regulation of postsecondary study abroad programs. The assessment must be based on a balanced approach of protecting the health and safety of program participants and maintaining the opportunity of students to study abroad. The office shall report the results of its assessment with any legislative recommendation by February 1, 2015, to the committees of the legislature with primary jurisdiction over higher education.

Sec. 25. REPEALER.

Minnesota Statutes 2012, section 116J.997, is repealed.

ARTICLE 2

TRANSPORTATION AND PUBLIC SAFETY APPROPRIATIONS

Section 1. Laws 2009, chapter 83, article 1, section 10, subdivision 7, is amended to read:

Subd. 7. Emergency Communication Networks	66,470,000	70,233,000
--	------------	------------

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) **Public Safety Answering Points.** \$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) **Medical Resource Communication Centers.** \$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) **ARMER Debt Service.** \$17,557,000 the first year and \$23,261,000 the second year are to the commissioner of finance to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8, or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) **Metropolitan Council Debt Service.** \$1,410,000 each year is to the commissioner of finance for payment to the Metropolitan Council for debt service on bonds issued under Minnesota Statutes, section 403.27.

(e) **ARMER State Backbone Operating Costs.** \$5,060,000 each year is to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(f) **ARMER Improvements.** \$1,000,000 each year is for the Statewide Radio Board for costs of design, construction, maintenance of, and improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide enhancement of public safety communication interoperability.

(g) **Next Generation 911.** \$3,431,000 the first year and \$6,490,000 the second year are to replace the current system with the Next Generation Internet Protocol (IP) based network. This appropriation is available until

expended. The base level of funding for fiscal year 2012 shall be \$2,965,000.

(h) **Grants to Local Government.** \$5,000,000 the first year is for grants to local units of government to assist with the transition to the ARMER system. This appropriation is available until June 30, 2012.

Sec. 2. Laws 2010, chapter 189, section 15, subdivision 12, is amended to read:

Subd. 12. **Rochester Maintenance Facility**

~~26,430,000~~

24,937,000

This appropriation is from the bond proceeds account in the trunk highway fund.

To prepare a site for and design, construct, furnish, and equip a new maintenance facility in Rochester.

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

Sec. 3. Laws 2010, chapter 189, section 26, subdivision 4, is amended to read:

Subd. 4. **Trunk highway fund bond proceeds account.** To provide the money appropriated in this act from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to ~~\$32,945,000~~ \$31,452,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be credited to the bond proceeds account in the trunk highway fund.

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

Sec. 4. Laws 2012, chapter 287, article 2, section 1, is amended to read:

Section 1. **ROCHESTER MAINTENANCE FACILITY.**

~~\$16,100,000~~ \$17,593,000 is appropriated to the commissioner of transportation to design, construct, furnish, and equip the maintenance facility in Rochester and corresponding remodeling of the existing district headquarters building. This appropriation is from the bond proceeds account in the trunk highway fund.

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

Sec. 5. Laws 2012, chapter 287, article 2, section 3, is amended to read:

Sec. 3. **TRUNK HIGHWAY FUND BOND PROCEEDS ACCOUNT.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to ~~\$16,120,000~~ \$17,613,000 in the manner, upon the terms, and with the effect

prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be credited to the bond proceeds account in the trunk highway fund.

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

Sec. 6. Laws 2012, First Special Session chapter 1, article 1, section 28, is amended to read:

Sec. 28. TRANSFERS, REDUCTIONS, CANCELLATIONS, AND BOND SALE AUTHORIZATIONS REDUCED.

(a) The remaining balance of the appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 7, for the economic development and housing challenge program, estimated to be \$450,000, is transferred to the general fund.

(b) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 5, for Minnesota investment fund grants pursuant to Minnesota Statutes, section 12A.07, is reduced by \$1,358,000.

(c) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 12, subdivision 2, for disaster enrollment impact aid pursuant to Minnesota Statutes, section 12A.06, is reduced by \$30,000.

(d) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 12, subdivision 3, for disaster relief facilities grants pursuant to Minnesota Statutes, section 12A.06, is reduced by \$392,000.

(e) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 12, subdivision 4, for disaster relief operating grants pursuant to Minnesota Statutes, section 12A.06, is reduced by \$2,000.

(f) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 12, subdivision 5, for pupil transportation aid pursuant to Minnesota Statutes, section 12A.06, is reduced by \$5,000.

(g) The appropriation in Laws 2010, Second Special Session chapter 1, article 2, section 5, subdivision 3, for pupil transportation aid pursuant to Minnesota Statutes, section 12A.06, is reduced by \$271,000.

(h) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 13, for public health activities pursuant to Minnesota Statutes, section 12A.08, is reduced by \$103,000.

(i) ~~\$1,428,000~~ \$534,000 of the appropriation in Laws 2007, First Special Session chapter 2, article 1, section 4, subdivision 3, for reconstruction and repair of trunk highways and trunk highway bridges is canceled. The bond sale authorization in Laws 2007, First Special Session chapter 2, article 1, section 15, subdivision 2, is reduced by ~~\$1,428,000~~ \$534,000.

(j) \$5,680,000 of the appropriation in Laws 2007, First Special Session chapter 2, article 1, section 4, subdivision 4, as amended by Laws 2008, chapter 289, section 2, for grants to local governments for capital costs related to rehabilitation and replacement of local roads and bridges damaged or destroyed by flooding pursuant to Minnesota Statutes, section 174.50, is canceled.

The bond sale authorization in Laws 2007, First Special Session chapter 2, article 1, section 15, subdivision 3, is reduced by \$5,680,000.

(k) \$2,133,000 of the appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 4, subdivision 3, for local road and bridge rehabilitation and replacement pursuant to Minnesota Statutes, section 12A.16, subdivision 3, is canceled. The bond sale authorization in Laws 2010, Second Special Session chapter 1, article 1, section 17, subdivision 2, is reduced by \$2,133,000.

(l) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 4, subdivision 2, for state road infrastructure operations and maintenance pursuant to Minnesota Statutes, section 12A.16, subdivision 1, is reduced by \$819,000.

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

Sec. 7. Laws 2013, chapter 86, article 1, section 12, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$	157,851,000	\$	<u>161,191,000</u>
				161,911,000

Appropriations by Fund

	2014	2015
General	82,213,000	82,772,000
Special Revenue	14,062,000	13,062,000
State Government		
Special Revenue	59,241,000	63,742,000
Environmental	69,000	69,000
Trunk Highway	2,266,000	2,266,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 8. Laws 2013, chapter 86, article 1, section 12, subdivision 3, is amended to read:

Subd. 3. Criminal Apprehension	47,588,000	47,197,000
---------------------------------------	------------	------------

Appropriations by Fund

General	42,315,000	42,924,000
Special Revenue	3,000,000	2,000,000
State Government		
Special Revenue	7,000	7,000
Trunk Highway	2,266,000	2,266,000

(a) **DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$1,941,000 each year is from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

(b) Criminal History System

\$50,000 the first year and \$580,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 299A.705, subdivision 4, \$3,000,000 the first year and \$2,000,000 the second year from the vehicle services account in the special revenue fund are to replace the state criminal history system. This is a onetime appropriation and is available until expended. Of this amount, \$2,980,000 the first year and \$2,580,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (c).

(c) Criminal Reporting System

\$1,360,000 the first year and \$1,360,000 the second year from the general fund are to replace the state's crime reporting system and include one full-time equivalent business analyst. This is a onetime appropriation and is available until expended. Of these amounts, \$1,360,000 the first year and ~~\$1,360,000~~ \$1,290,000 the second year are for a onetime transfer to the Office of Enterprise Technology for start-up costs. Service level agreements must document all project-related transfers under this paragraph. Ongoing operating and support costs for this system shall be identified and incorporated into future service level agreements.

The commissioner is authorized to use funds appropriated under this paragraph for the purposes specified in paragraph (b).

(d) Forensic Laboratory

\$125,000 the first year and \$125,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$125,000 the first year and \$125,000 the second year from the trunk highway fund are to replace forensic laboratory equipment at the Bureau of Criminal Apprehension.

\$200,000 the first year and \$200,000 the second year from the general fund and, notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$200,000 the first year and \$200,000 the second year from the trunk highway fund are to improve forensic laboratory staffing at the Bureau of Criminal Apprehension.

(e) Livescan Fingerprinting

\$310,000 the first year and \$389,000 the second year from the general fund are to maintain Livescan fingerprinting machines. This is a onetime appropriation.

(f) General Fund Base

The Bureau of Criminal Apprehension's general fund base is reduced by \$1,720,000 in fiscal year 2014 and \$2,329,000 in fiscal year 2015 to reflect onetime appropriations.

(g) Report

If the vehicle services special revenue account accrues an unallocated balance in excess of 50 percent of the previous fiscal year's expenditures, the commissioner of public safety shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation and public safety policy and finance. The report

must contain specific policy and legislative recommendations for reducing the fund balance and avoiding future excessive fund balances. The report is due within three months of the fund balance exceeding the threshold established in this paragraph.

Sec. 9. Laws 2013, chapter 86, article 1, section 12, subdivision 4, is amended to read:

	9,555,000	
Subd. 4. Fire Marshal	<u>10,855,000</u>	9,555,000

This appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

Of this amount: (1) \$7,187,000 each year is for activities under Minnesota Statutes, section 299F.012; and (2) \$2,368,000 the first year and \$2,368,000 the second year are for transfers to the general fund under Minnesota Statutes, section 297I.06, subdivision 3.

\$1,300,000 in fiscal year 2014 is appropriated for activities and programs under Minnesota Statutes, section 299F.012. This is a onetime appropriation. By January 1, 2015, the commissioner of public safety shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over the fire safety account regarding the balances and uses of the account.

Sec. 10. Laws 2013, chapter 86, article 1, section 12, subdivision 6, is amended to read:

		36,106,000
Subd. 6. Office of Justice Programs	36,106,000	<u>37,206,000</u>

Appropriations by Fund

		36,010,000
General	36,010,000	<u>37,110,000</u>
State Government		
Special Revenue	96,000	96,000

(a) OJP Administration Costs

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used

by the commissioner to administer the grant program.

(b) Crime Victim Programs

\$1,500,000 each year must be distributed through an open and competitive grant process for existing crime victim programs. The funds must be used to meet the needs of underserved and unserved areas and populations.

(c) Community Offender Reentry Program

\$100,000 each year is for a grant to the community offender reentry program for assisting individuals to transition from incarceration to the communities in and around Duluth, including assistance in finding housing, employment, educational opportunities, counseling, and other resources. This is a onetime appropriation.

(d) Youth Intervention Programs

\$1,000,000 each year in fiscal year 2014 and \$1,750,000 in fiscal year 2015 is for youth intervention programs under Minnesota Statutes, section 299A.73. The appropriations must be used to create new programs statewide in underserved areas and to help existing programs serve unmet needs in program communities. Of this amount, \$100,000 in fiscal year 2015 is for a youth intervention program targeted toward East African youth. These appropriations are available until expended. This amount \$2,000,000 must be added to the department's base budget in 2016 and 2017 for grants to youth intervention programs.

(e) Sexually Exploited Youth; Law Enforcement and Prosecution Training

\$350,000 each year is for a grant to Ramsey County to be used by the Ramsey County Attorney's Office to:

(1) develop a statewide model protocol for law enforcement, prosecutors, and others,

who in their professional capacity encounter sexually exploited and trafficked youth, on identifying and intervening with sexually exploited and trafficked youth;

(2) conduct statewide training for law enforcement and prosecutors on the model protocol and the Safe Harbor Law described in Laws 2011, First Special Session chapter 1, article 4, as modified by Senate File No. 384, article 2, if enacted; and

(3) develop and disseminate to law enforcement, prosecutors, and others, who in their professional capacity encounter sexually exploited and trafficked youth, on investigative best practices to identify sex trafficked victims and traffickers.

The Ramsey County attorney may use the money appropriated in this paragraph to partner with other entities to implement clauses (1) to (3).

By January 15, 2015, the Ramsey County Attorney's Office shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on how this appropriation was spent.

These appropriations are onetime.

(f) Returning Veterans in Crisis

\$50,000 each year is for a grant to the Upper Midwest Community Policing Institute for use in training community safety personnel about the use of de-escalation strategies for handling returning veterans in crisis. This is a onetime appropriation, and the unencumbered balance in the first year does not cancel but is available for the second year. The commissioner shall consult with the Peace Officers Standards and Training (POST) Board regarding the design and content of the course, and must also ensure that the training opportunities are reasonably distributed throughout the state.

(g) Juvenile Detention Alternative Initiative

\$50,000 each year is for a grant to the Juvenile Detention Alternative Initiative. This is a onetime appropriation, and funds unexpended in the first year are available in the second year.

(h) Emergency Shelters

\$300,000 in fiscal year 2015 is for a grant to provide emergency shelter programming for victims of domestic abuse and trafficking. The program shall provide shelter to East African women and children and other victims of domestic violence in Minnesota. The appropriations must be used for the operating expenses of a shelter.

This is a onetime appropriation.

(i) De-escalation Training

\$50,000 in fiscal year 2015 is appropriated to the commissioner of public safety for training state and local community safety personnel in the use of crisis de-escalation techniques. The commissioner must consult with the director of the Minnesota Peace Officers and Training Board, and may consult with any other state or local governmental official or nongovernmental authority the commissioner determines to be relevant, to include postsecondary institutions, when selecting a service provider for this training. Among any other criteria the commissioner may establish for the selection, the training provider must have a demonstrated understanding of the transitions and challenges that veterans may experience during their re-entry into society following combat service. The commissioner must ensure that training opportunities provided are reasonably distributed statewide. This is a onetime appropriation.

Sec. 11. Laws 2013, chapter 86, article 1, section 12, subdivision 7, is amended to read:

	59,138,000	63,639,000
Subd. 7. Emergency Communication Networks	<u>64,197,000</u>	<u>70,504,000</u>

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services. The base appropriation is \$63,639,000 in each of fiscal years 2016 and 2017.

(a) Public Safety Answering Points

\$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) Medical Resource Communication Centers

\$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) ARMER Debt Service

\$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8; or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) ARMER State Backbone Operating Costs

\$9,250,000 the first year and \$9,650,000 the second year are to the commissioner of transportation for costs of maintaining and operating the first and third phases of the statewide radio system backbone.

(e) ARMER Improvements

\$1,000,000 each year is to the Statewide Radio Board for costs of design, construction, and maintenance of, and improvements to, those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented.

Sec. 12. Laws 2013, chapter 117, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

	13,648,000	13,648,000
(1) Airport Development and Assistance	<u>14,648,000</u>	<u>16,648,000</u>

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

The base appropriation for fiscal years 2016 and 2017 is \$14,298,000 for each year.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

For the current biennium, the commissioner of transportation may establish different local contribution rates for airport projects than those established in Minnesota Statutes, section 360.305, subdivision 4.

(2) Aviation Support and Services	6,386,000	6,386,000
--	-----------	-----------

Appropriations by Fund

Airports	5,286,000	5,286,000
Trunk Highway	1,100,000	1,100,000

\$65,000 in each year is from the state airports fund for the Civil Air Patrol.

(b) Transit	17,226,000	17,245,000 <u>25,245,000</u>
--------------------	------------	--

Appropriations by Fund

		16,470,000
General	16,451,000	<u>24,470,000</u>
Trunk Highway	775,000	775,000

\$100,000 in each year is from the general fund for the administrative expenses of the Minnesota Council on Transportation Access under Minnesota Statutes, section 174.285.

\$78,000 in each year is from the general fund for grants to greater Minnesota transit providers as reimbursement for the costs of providing fixed route public transit rides free of charge under Minnesota Statutes, section 174.24, subdivision 7, for veterans certified as disabled.

The base appropriation from the general fund for fiscal years 2016 and 2017 is \$20,470,000 for each year.

(c) Passenger Rail	500,000	500,000
---------------------------	---------	---------

This appropriation is from the general fund for passenger rail system planning, alternatives analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636.

(d) Freight	5,653,000	5,153,000
--------------------	-----------	-----------

Appropriations by Fund

General	756,000	256,000
Trunk Highway	4,897,000	4,897,000

\$500,000 in the first year is from the general fund to pay for the department's share of costs associated with the cleanup of contaminated state rail bank property. This appropriation is available until expended.

(e) **Safe Routes to School** 250,000 ~~250,000~~ 500,000

This appropriation \$250,000 in the first year and \$500,000 in the second year is from the general fund for non-infrastructure activities in the safe routes to school program under Minnesota Statutes, section 174.40, subdivision 7a.

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

Sec. 13. Laws 2013, chapter 117, article 1, section 3, subdivision 3, is amended to read:

Subd. 3. State Roads

(a) **Operations and Maintenance** 262,395,000 262,395,000
 267,395,000 300,395,000

\$5,000,000 in each year is from the trunk highway fund for accelerated replacement of snow plowing equipment.

The base appropriation for operations and maintenance for fiscal years 2016 and 2017 is \$267,395,000 in each year.

(b) **Program Planning and Delivery** 206,795,000 ~~206,720,000~~
209,720,000

Appropriations by Fund

	2014	2015
H.U.T.D.	75,000	0
Trunk Highway	206,720,000	<u>209,720,000</u>

The base appropriation for program planning and delivery for fiscal years 2016 and 2017 is \$206,720,000 in each year.

\$250,000 in each year is for the department's administrative costs for creation and operation of the Joint Program Office for Economic Development and Alternative Finance, including costs of hiring a consultant and preparing required reports.

\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 in each year is available for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (1) to regional development commissions; (2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

\$75,000 in the first year is from the highway user tax distribution fund to the commissioner for a grant to the Humphrey School of Public Affairs at the University of Minnesota for WorkPlace Telework program congestion relief efforts consisting of maintenance of Web site tools and content. This is a onetime appropriation and is available in the second year.

(c) State Road Construction Activity

(1) Economic Recovery Funds - Federal Highway Aid

1,000,000

1,000,000

This appropriation is to complete projects using funds made available to the commissioner of transportation under title XII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and implemented under Minnesota

Statutes, section 161.36, subdivision 7. The base appropriation is \$1,000,000 in fiscal year 2016 and \$0 in fiscal year 2017.

	909,400,000	815,600,000
(2) State Road Construction	<u>923,400,000</u>	<u>816,425,000</u>

It is estimated that these appropriations will be funded as follows:

Appropriations by Fund		
Federal Highway Aid	489,200,000	482,200,000
	<u>420,200,000</u>	<u>333,400,000</u>
Highway User Taxes	<u>434,200,000</u>	<u>334,225,000</u>

The commissioner of transportation shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance of any significant events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The base appropriation for state road construction for fiscal years 2016 and 2017 is ~~\$645,000,000~~ \$645,567,000 in each year.

\$10,000,000 in each year is from the trunk highway fund for the transportation economic development program under Minnesota Statutes, section 174.12.

The commissioner may expend up to one-half of one percent of the federal appropriations under this clause as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year from the trunk highway fund to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

\$14,000,000 in the first year is from the trunk highway fund for the specific improvements to "Old Highway 14" described in the settlement agreement and release executed January 7, 2014, between the state and Steele and Waseca Counties.

\$825,000 in the second year is from the trunk highway fund for costs of implementing highway work zone safety initiatives. The base appropriation for this purpose is \$567,000 in each of fiscal years 2016 and 2017.

(d) Highway Debt Service

158,417,000

189,821,000

\$148,917,000 in the first year and \$180,321,000 in the second year are for transfer to the state bond fund. If an appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall notify the senate Committee on Finance and the house of representatives Committee on Ways and Means of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

(e) Electronic Communications

5,171,000

5,171,000

Appropriations by Fund

General	3,000	3,000
Trunk Highway	5,168,000	5,168,000

The general fund appropriation is to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

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

Sec. 14. Laws 2013, chapter 117, article 1, section 3, subdivision 6, is amended to read:

Subd. 6. Transfers

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriations for state road construction or for debt service. Transfers under this paragraph may not be made between funds. Transfers under this paragraph must be reported immediately to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance.

(b) The commissioner shall transfer from the flexible highway account in the county state-aid highway fund: (1) \$5,700,000 in the first year and \$21,000,000 in the second year to the trunk highway fund; (2) \$13,000,000 in the first year to the municipal turnback account in the municipal state-aid street fund; (3) \$10,000,000 in the second year to the municipal turnback account in the municipal state-aid street fund; and (4) the remainder in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes as provided under Minnesota Statutes, section 161.081, subdivision 3.

Sec. 15. Laws 2013, chapter 117, article 1, section 4, is amended to read:

Sec. 4. METROPOLITAN COUNCIL	\$	107,889,000	\$	<u>76,970,000</u>
				<u>76,910,000</u>

This appropriation is from the general fund for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

The base appropriation for fiscal years 2016 and 2017 is ~~\$76,686,000~~ \$76,626,000 in each year.

\$37,000,000 in the first year is for the Southwest Corridor light rail transit line from the Hiawatha light rail transit line in downtown Minneapolis to Eden Prairie, to be used for environmental studies, preliminary engineering, acquisition of real property, or interests in real property, and design. This is a onetime appropriation and is available until expended.

Sec. 16. Laws 2013, chapter 117, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. Administration and Related Services

(a) Office of Communications		504,000	504,000
	Appropriations by Fund		
General	111,000	111,000	
Trunk Highway	393,000	393,000	
			8,439,000
(b) Public Safety Support		8,439,000	<u>8,499,000</u>
	Appropriations by Fund		
		3,467,000	
General	3,467,000	<u>3,527,000</u>	
H.U.T.D.	1,366,000	1,366,000	
Trunk Highway	3,606,000	3,606,000	

\$380,000 in each year is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,367,000 in each year is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$600,000 in each year is from the general fund and \$100,000 in each year is from the

trunk highway fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$792,000 in each year is from the general fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the general fund on December 31, 2013, and December 31, 2014, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Before January 15, 2015, the commissioner of public safety shall review the amounts and purposes of the transfers under this paragraph and shall recommend necessary changes to the legislative committees with jurisdiction over transportation finance.

\$60,000 in the second year is appropriated from the general fund for light rail safety oversight. The base appropriation from the

general fund for this purpose in fiscal years 2016 and 2017 is \$60,000 each year.

(c) Technology and Support Service 3,685,000 3,685,000

Appropriations by Fund

General	1,322,000	1,322,000
H.U.T.D.	19,000	19,000
Trunk Highway	2,344,000	2,344,000

Sec. 17. Laws 2013, chapter 117, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. State Patrol

(a) Patrolling Highways 72,522,000 72,522,000

Appropriations by Fund

General	37,000	37,000
H.U.T.D.	92,000	92,000
Trunk Highway	72,393,000	72,393,000

(b) Commercial Vehicle Enforcement 7,796,000 7,796,000

(c) Capitol Security 4,355,000 4,355,000
5,355,000

This appropriation is from the general fund.

\$1,250,000 in each year 2014 and \$2,250,000 in 2015 and each subsequent year is to implement the recommendations of the advisory committee on Capitol Area Security under Minnesota Statutes, section 299E.04, including the creation of an emergency manager position under Minnesota Statutes, section 299E.01, subdivision 2, and an increase in the number of State Patrol troopers and other security officers assigned to the Capitol complex.

The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money appropriated to the commissioner under this section: (1) to capitol security; or (2) from capitol security.

(d) **Vehicle Crimes Unit** 693,000 693,000

This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

Sec. 18. Laws 2013, chapter 117, article 1, section 5, subdivision 4, is amended to read:

Subd. 4. Driver and Vehicle Services

(a) **Vehicle Services** 27,909,000 28,430,000
28,453,000

Appropriations by Fund

		<u>19,771,000</u>
Special Revenue	19,673,000	<u>20,217,000</u>
H.U.T.D.	8,236,000	8,236,000

The special revenue fund appropriation is from the vehicle services operating account.

\$650,000 in each year is from the special revenue fund for seven additional positions to enhance customer service related to vehicle title issuance.

\$521,000 in the second year is from the special revenue fund for the vehicle services portion of a new telephone system and is for transfer to the Office of Enterprise Technology for construction and development of the system. This is a onetime appropriation and is available until expended.

\$23,000 in the second year is from the special revenue fund for expenses related to the task force on motor vehicle insurance coverage verification.

The base appropriation from the special revenue fund is ~~\$27,909,000~~ \$19,673,000 for fiscal year 2016 and ~~\$27,909,000~~ \$19,673,000 for fiscal year 2017.

(b) Driver Services	28,749,000	29,162,000 <u>29,185,000</u>
----------------------------	------------	--

Appropriations by Fund

		29,161,000
Special Revenue	28,748,000	<u>29,184,000</u>
Trunk Highway	1,000	1,000

The special revenue fund appropriation is from the driver services operating account.

\$71,000 in the second year is from the special revenue fund for one additional position related to facial recognition.

\$279,000 in the second year is from the special revenue fund for the driver services portion of a new telephone system and is for transfer to the Office of Enterprise Technology for construction and development of the system. This is a onetime appropriation and is available until expended.

\$37,000 in the first year and \$33,000 in the second year are from the special revenue fund for one half-time position to assist with the Novice Driver Improvement Task Force under Minnesota Statutes, section 171.0701, subdivision 1a. The base appropriation for this position is \$6,000 in fiscal year 2016 and \$0 in fiscal year 2017.

\$67,000 in the second year is from the special revenue fund for one new position to administer changes to the ignition interlock program. The base appropriation for this position in fiscal years 2016 and 2017 is \$62,000 in each year.

\$23,000 in the second year is from the special revenue fund for expenses related to the task force on motor vehicle insurance coverage verification.

The base appropriation from the special revenue fund is ~~\$28,851,000~~ \$28,850,000 for fiscal year 2016 and ~~\$28,845,000~~ \$28,844,000 for fiscal year 2017.

Sec. 19. **TRANSFER; EMERGENCY MANAGEMENT.**

On July 1, 2014, the commissioner of management and budget shall transfer \$3,000,000 from the general fund to the disaster assistance contingency account created in 2014 Senate File No. 2601, if enacted.

ARTICLE 3

RAILROAD SAFETY

Section 1. Minnesota Statutes 2012, section 115E.08, is amended by adding a subdivision to read:

Subd. 3a. **Railroad preparedness; public safety.** The commissioner of public safety shall carry out public safety protection activities related to railroad spill and discharge preparedness. Duties under this subdivision include, but are not limited to:

(1) assisting local emergency managers and fire officials to understand the hazards of oil and hazardous substances, as well as general strategies for hazard identification, initial isolation, and other actions necessary to ensure public safety;

(2) assisting railroad companies to develop suggested protocols and practices for local first responder use in protecting the public's safety;

(3) facilitating cooperation between railroads, county and city emergency managers, and other public safety organizations;

(4) participating in major exercises and training sessions;

(5) assisting local units of government to incorporate railroad hazard and response information into local emergency operations plans;

(6) monitoring the public safety-related training and planning requirements of section 115E.03; and

(7) referring noncompliance with section 115E.03 to the Pollution Control Agency.

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

Sec. 2. Minnesota Statutes 2012, section 219.015, subdivision 1, is amended to read:

Subdivision 1. **Position Positions established; duties.** (a) The commissioner of transportation shall establish ~~a position of three~~ state rail safety inspector positions in the Office of Freight and Commercial Vehicle Operations of the Minnesota Department of Transportation. On or after July 1, 2015, the commissioner may establish a fourth state rail safety inspector position following consultation with railroad companies. The commissioner shall apply to and enter into agreements with the Federal Railroad Administration (FRA) of the United States Department of Transportation to participate in the federal State Rail Safety Partnership Participation Program for training and

certification of an inspector under authority of United States Code, title 49, sections 20103, 20105, 20106, and 20113, and Code of Federal Regulations, title 49, part 212.

The(b) A state rail safety inspector shall inspect mainline track, secondary track, and yard and industry track; inspect railroad right-of-way, including adjacent or intersecting drainage, culverts, bridges, overhead structures, and traffic and other public crossings; inspect yards and physical plants; review and enforce safety requirements; review maintenance and repair records; and review railroad security measures.

(c) A state rail safety inspector may perform, but is not limited to, the duties described in the federal State Rail Safety Participation Program. An inspector may train, be certified, and participate in any of the federal State Rail Safety Participation Program disciplines, including: track, signal and train control, motive power and equipment, operating practices compliance, hazardous materials, and highway-rail grade crossings.

(d) To the extent delegated by the Federal Railroad Administration and authorized by the commissioner, ~~the~~ an inspector may issue citations for violations of this chapter, or to ensure railroad employee and public safety and welfare.

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

Sec. 3. Minnesota Statutes 2012, section 219.015, subdivision 2, is amended to read:

Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided in this subdivision, the commissioner shall annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, or Class I Rail Carriers, Class II Railroads, or Class II Carriers; and (3) operating in this state;

(b) The assessment must be by a division of state rail safety inspector program costs in equal proportion between carriers based on route miles operated in Minnesota, assessed in equal amounts for 365 days of the calendar year. The commissioner shall assess all start-up or re-establishment costs, and all related costs of initiating the state rail safety inspector program beginning July 1, 2008. The, and ongoing state rail inspector duties must begin and be assessed on January 1, 2009.

(c) The assessments must be deposited in a special account in the special revenue fund, to be known as the state rail safety inspection account. Money in the account is appropriated to the commissioner and may be expended to cover the costs incurred for the establishment and ongoing responsibilities of the state rail safety inspector program.

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

Sec. 4. **[299A.55] RAILROAD SAFETY; OIL AND OTHER HAZARDOUS MATERIALS.**

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have the meanings given.

(b) "Applicable rail carrier" means a railroad company that is subject to an assessment under section 219.015, subdivision 2.

(c) "Hazardous substance" has the meaning given in section 115B.02, subdivision 8.

(d) "Oil" has the meaning given in section 115E.01, subdivision 8.

Subd. 2. **Railroad safety account.** (a) A railroad safety account is created in the special revenue fund. The account consists of funds collected under subdivision 4 and funds donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner of public safety for the purposes specified in subdivision 3.

Subd. 3. **Allocation of railroad safety funds.** (a) Subject to funding appropriated for this subdivision, the commissioner shall provide funds for training and response preparedness related to derailments, discharge incidents, or spills involving trains carrying oil or other hazardous substances.

(b) The commissioner shall allocate available funds to the Board of Firefighter Training and Education under section 299N.02 and the Division of Homeland Security and Emergency Management.

(c) Prior to making allocations under paragraph (b), the commissioner shall consult with the Fire Service Advisory Committee under section 299F.012, subdivision 2.

(d) The commissioner and the entities identified in paragraph (b) shall prioritize uses of funds based on:

(1) firefighter training needs;

(2) community risk from discharge incidents or spills;

(3) geographic balance; and

(4) recommendations of the Fire Service Advisory Committee.

(e) The following are permissible uses of funds provided under this subdivision:

(1) training costs, which may include, but are not limited to, training curriculum, trainers, trainee overtime salary, other personnel overtime salary, and tuition;

(2) costs of gear and equipment related to hazardous materials readiness, response, and management, which may include, but are not limited to, original purchase, maintenance, and replacement;

(3) supplies related to the uses under clauses (1) and (2); and

(4) emergency preparedness planning and coordination.

(f) Notwithstanding paragraph (b), from funds in the railroad safety account provided for the purposes under this subdivision, the commissioner may retain a balance in the account for budgeting in subsequent fiscal years.

Subd. 4. **Assessment; oil and hazardous substances.** (a) The commissioner of public safety shall annually assess \$1,250,000 to railroad companies based on the formula specified in paragraph (b). The commissioner shall deposit funds collected under this subdivision in the railroad safety account under subdivision 2.

(b) The assessment for each railroad is the total annual assessment amount, divided in equal proportion between applicable rail carriers based on route miles operated in Minnesota.

(c) This subdivision expires on July 1, 2016.

Sec. 5. LEGISLATIVE REPORT ON INCIDENT PREPAREDNESS FOR OIL AND OTHER HAZARDOUS MATERIALS TRANSPORTATION BY RAIL.

By January 15, 2015, the commissioner of public safety shall submit a report on incident and emergency response preparedness for oil and other hazardous materials transported by rail to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and public safety policy and finance. At a minimum, the report must:

- (1) summarize the preparedness and emergency response framework in the state;
- (2) provide an assessment of costs and needs of fire departments and other emergency first responders for training and equipment to respond to discharge or spill incidents involving oil and other hazardous materials transported by rail;
- (3) summarize the allocation and uses of funds under Minnesota Statutes, section 299A.55; and
- (4) provide recommendations for any legislative changes.

Sec. 6. IMPROVEMENTS STUDY ON GRADE CROSSINGS AND RAIL SAFETY FOR OIL AND OTHER HAZARDOUS MATERIALS TRANSPORTATION.

(a) The commissioner of transportation shall conduct a study on highway-rail grade crossing improvements for oil and other hazardous materials transported by rail, and on rail safety. At a minimum, the study must:

- (1) provide information that assists in risk management associated with transportation of oil and other hazardous materials by rail;
- (2) develop criteria to prioritize needs and improvements at highway-rail grade crossings;
- (3) consider alternatives for safety improvements including, but not limited to, active warning devices such as gates and signals, closings, and grade separation;
- (4) provide findings and recommendations that serve to direct accelerated investments in highway-rail grade crossing safety improvements; and
- (5) analyze state inspection activities and staffing for track and hazardous materials under Minnesota Statutes, section 219.015.

(b) The commissioner shall submit an interim update on the study by August 31, 2014, and a final report by October 31, 2014, to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

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

ARTICLE 4

TRANSPORTATION FINANCE PROVISIONS

Section 1. Minnesota Statutes 2012, section 165.15, subdivision 2, is amended to read:

Subd. 2. **Use of funds.** (a) Income derived from the investment of principal in the account may be used by the commissioner of transportation for operations and routine maintenance of the Stillwater

lift bridge, including bridge safety inspections and reactive repairs. No money from this account may be used for any purposes except those described in this section, and no money from this account may be transferred to any other account in the state treasury without specific legislative authorization. Any money transferred from the trunk highway fund may only be used for trunk highway purposes. For the purposes of this section:

(1) "Income" is the amount of interest on debt securities and dividends on equity securities. Any gains or losses from the sale of securities must be added to the principal of the account.

(2) "Routine maintenance" means activities that are predictable and repetitive, but not activities that would constitute major repairs or rehabilitation.

(b) Investment management fees incurred by the State Board of Investment are eligible expenses for reimbursement from the account.

(c) The commissioner of transportation has authority to approve or deny expenditures of funds in the account.

Sec. 2. [168.1299] MINNESOTA GOLF PLATES.

Subdivision 1. **Issuance and design.** Notwithstanding section 168.1293, the commissioner shall issue special Minnesota golf plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays a fee of \$10 and any other fees required by this chapter;

(3) contributes a minimum of \$30 annually after January 1, 2017, to the Minnesota Section PGA Foundation account; and

(4) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** After consultation with the Minnesota Section PGA and the Minnesota Golf Association, the commissioner shall design the special plate.

Subd. 3. **Plates transfer.** On payment of a fee of \$5, plates issued under this section may be transferred to another passenger automobile, one-ton pickup truck, motorcycle, or other recreational vehicle registered to the individual to whom the special plates were issued.

Subd. 4. **Fees.** Fees collected under subdivision 1, clause (2), and subdivision 3 are credited to the vehicle services operating account in the special revenue fund.

Subd. 5. **Contributions.** Contributions collected under subdivision 1, clause (3), are credited first to the commissioner of public safety for the cost of administering the Minnesota Section PGA Foundation account, which is established in the special revenue fund. After the commissioner's administration costs are paid each year, remaining contributions are credited to the Minnesota Section PGA Foundation account. Money in the account is appropriated to the commissioner of public safety for distribution to the Minnesota Section PGA Foundation, to be used to enhance and promote the game of golf throughout Minnesota.

EFFECTIVE DATE. Subdivisions 1 to 4 are effective January 1, 2015, for special Minnesota golf plates issued on or after that date. Subdivision 5 is effective January 1, 2017.

Sec. 3. Minnesota Statutes 2012, section 169.011, is amended by adding a subdivision to read:

Subd. 95. **Work zone.** "Work zone" means a segment of street or highway for which:

(1) a road authority or its agent is constructing, reconstructing, or maintaining the physical structure of the roadway, which may include, but is not limited to, shoulders, features adjacent to the roadway, and utilities and highway appurtenances, whether underground or overhead; and

(2) any of the following applies:

(i) official traffic-control devices that indicate the segment of street or highway under construction, reconstruction, or maintenance, are erected;

(ii) one or more lanes of traffic are closed;

(iii) a flagger under section 169.06, subdivision 4a, is present;

(iv) a construction zone speed limit under section 169.14, subdivision 4, is established; or

(v) a workers present speed limit under section 169.14, subdivision 5d, is in effect.

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 169.06, subdivision 4, is amended to read:

Subd. 4. **Obedience to traffic-control signal or flagger authorized persons; presumptions.**

(a) The driver of any vehicle shall obey the instructions of any official traffic-control device applicable thereto placed in accordance with the provisions of this chapter, unless otherwise directed by a police officer or by a flagger authorized under this subdivision, subject to the exceptions granted the driver of an authorized emergency vehicle in this chapter.

(b) No provision of this chapter for which official traffic-control devices are required shall be enforced against an alleged violator if at the time and place of the alleged violation an official device is not in proper position and sufficiently legible to be seen by an ordinarily observant person. Whenever a particular section does not state that official traffic-control devices are required, such section shall be effective even though no devices are erected or in place.

(c) Whenever official traffic-control devices are placed in position approximately conforming to the requirements of this chapter, such devices shall be presumed to have been so placed by the official act or direction of lawful authority, unless the contrary shall be established by competent evidence.

(d) Any official traffic-control device placed pursuant to the provisions of this chapter and purporting to conform to the lawful requirements pertaining to such devices shall be presumed to comply with the requirements of this chapter, unless the contrary shall be established by competent evidence.

~~(e) A flagger in a designated work zone may stop vehicles and hold vehicles in place until it is safe for the vehicles to proceed. A person operating a motor vehicle that has been stopped by a flagger in a designated work zone may proceed after stopping only on instruction by the flagger.~~

(f) An overdimensional load escort driver with a certificate issued under section 299D.085, while acting as a flagger escorting a legal overdimensional load, may stop vehicles and hold vehicles in place until it is safe for the vehicles to proceed. A person operating a motor vehicle that has been

stopped by an escort driver acting as a flagger may proceed only on instruction by the flagger or a police officer.

(g) (f) A person may stop and hold vehicles in place until it is safe for the vehicles to proceed, if the person: (1) holds a motorcycle road guard certificate issued under section 171.60; (2) meets the safety and equipment standards for operating under the certificate; (3) is acting as a flagger escorting a motorcycle group ride; (4) has notified each statutory or home rule charter city through which the motorcycle group is proceeding; and (5) has obtained consent from the chief of police, or the chief's designee, of any city of the first class through which the group is proceeding. A flagger operating as provided under this paragraph may direct operators of motorcycles within a motorcycle group ride or other vehicle traffic, notwithstanding any contrary indication of a traffic-control device, including stop signs or traffic-control signals. A person operating a vehicle that has been stopped by a flagger under this paragraph may proceed only on instruction by the flagger or a police officer.

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 169.06, is amended by adding a subdivision to read:

Subd. 4a. **Obedience to work zone flagger; violation, penalty.** (a) A flagger in a work zone may stop vehicles and hold vehicles in place until it is safe for the vehicles to proceed. A person operating a motor vehicle that has been stopped by a flagger in a work zone may proceed after stopping only on instruction by the flagger or a police officer.

(b) A person convicted of operating a motor vehicle in violation of a speed limit in a work zone, or any other provision of this section while in a work zone, shall be required to pay a fine of \$300. This fine is in addition to the surcharge under section 357.021, subdivision 6.

(c) If a motor vehicle is operated in violation of paragraph (a), the owner of the vehicle, or for a leased motor vehicle the lessee of the vehicle, is guilty of a petty misdemeanor and is subject to a fine as provided in paragraph (b). The owner or lessee may not be fined under this paragraph if (1) another person is convicted for that violation, or (2) the motor vehicle was stolen at the time of the violation. This paragraph does not apply to a lessor of a motor vehicle if the lessor keeps a record of the name and address of the lessee.

(d) Paragraph (c) does not prohibit or limit the prosecution of a motor vehicle operator for violating paragraph (a).

(e) A violation under paragraph (c) does not constitute grounds for revocation or suspension of a driver's license.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to violations committed on or after that date.

Sec. 6. Minnesota Statutes 2012, section 169.14, subdivision 5d, is amended to read:

Subd. 5d. **Speed zoning limit in work zone; surcharge when workers present.** (a) Notwithstanding subdivision 2 and subject to subdivision 3, the speed limit on a road having an established speed limit of 50 miles per hour or greater is adjusted to 45 miles per hour in a work zone when (1) at least one lane or portion of a lane of traffic is closed in either direction, and (2) workers are present. A speed in excess of the adjusted speed limit is unlawful.

(b) Paragraph (a) does not apply to a segment of road in which:

- (1) positive barriers are placed between workers and the traveled portion of the highway;
- (2) the work zone is in place for less than 24 hours;
- (3) a different speed limit for the work zone is determined by the road authority following an engineering and traffic investigation and based on accepted engineering practice; or
- (4) a different speed limit for the work zone is established by the road authority under paragraph (c).

(c) The commissioner, on trunk highways and temporary trunk highways, and local authorities, on streets and highways under their jurisdiction, may authorize the use of reduced maximum speed limits in highway work zones. The commissioner or local authority is not required to conduct when workers are present, without an engineering and traffic investigation before authorizing a reduced speed limit in a highway work zone required. The work zone speed limit must not reduce the speed limit on the affected street or highway by more than:

(b) The minimum highway work zone speed limit is 20 miles per hour. The work zone speed limit must not reduce the established speed limit on the affected street or highway by more than 15 miles per hour, except that the highway work zone speed limit must not exceed 40 miles per hour. The commissioner or local authority shall post the limits of the work zone. Highway work zone speed limits are effective on erection of appropriate regulatory speed limit signs. The signs must be removed or covered when they are not required. A speed greater than the posted highway work zone speed limit is unlawful.

(c) Notwithstanding paragraph (b), on divided highways the commissioner or local authority may establish a highway work zone speed limit that does not exceed 55 miles per hour.

(d) Notwithstanding paragraph (b), on two-lane highways having one lane for each direction of travel with a posted speed limit of 60 miles per hour or greater, the commissioner or local authority may establish a highway work zone speed limit that does not exceed 40 miles per hour.

(e) For purposes of this subdivision, "highway work zone" means a segment of highway or street where a road authority or its agent is constructing, reconstructing, or maintaining the physical structure of the roadway, its shoulders, or features adjacent to the roadway, including underground and overhead utilities and highway appurtenances, when workers are present.

(f) Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates a speed limit established under this subdivision, or who violates any other provision of this section while in a highway work zone, is assessed an additional surcharge equal to the amount of the fine imposed for the speed violation, but not less than \$25.

(1) 20 miles per hour on a street or highway having an established speed limit of 55 miles per hour or greater; and

(2) 15 miles per hour on a street or highway having an established speed limit of 50 miles per hour or less.

(d) A work zone speed limit under paragraph (c) is effective on erection of appropriate regulatory speed limit signs. The signs must be removed or covered when they are not required. A speed in excess of the posted work zone speed limit is unlawful.

(e) For any speed limit under this subdivision, a road authority shall erect signs identifying the speed limit and indicating the beginning and end of the speed limit zone.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to violations committed on or after that date.

Sec. 7. Minnesota Statutes 2012, section 169.14, is amended by adding a subdivision to read:

Subd. 6a. **Work zone speed limit violations.** A person convicted of operating a motor vehicle in violation of a speed limit in a work zone, or any other provision of this section while in a work zone, shall be required to pay a fine of \$300. This fine is in addition to the surcharge under section 357.021, subdivision 6.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to violations committed on or after that date.

Sec. 8. Minnesota Statutes 2012, section 169.305, subdivision 1, is amended to read:

Subdivision 1. **Entrance and exit; crossover; use regulations; signs; rules.** (a) No person shall drive a vehicle onto or from any controlled-access highway except at such entrances and exits as are established by public authority.

(b) When special crossovers between the main roadways of a controlled-access highway are provided for emergency vehicles or maintenance equipment and such crossovers are signed to prohibit "U" turns, it shall be unlawful for any vehicle, except an emergency vehicle, maintenance equipment, or construction equipment including contractor's and state-owned equipment when operating within a marked construction zone, or a vehicle operated by a commercial vehicle inspector of the Department of Public Safety or certified under section 169.781, to use such crossover. Vehicles owned and operated by elderly and needy persons under contract with the commissioner of transportation pursuant to section 160.282 for maintenance services on highway rest stop and tourist centers outside the seven-county metropolitan area as defined in section 473.121, may also use these crossovers while those persons are proceeding to or from work in the rest area or tourist center if authorized by the commissioner, and the vehicle carries on its roof a distinctive flag designed and issued by the commissioner. For the purposes of this clause "emergency vehicle" includes a tow truck or towing vehicle if it is on the way to the location of an accident or a disabled vehicle.

(c) The commissioner of transportation may by order, and any public authority may by ordinance, with respect to any controlled-access highway under their jurisdictions prohibit or regulate the use of any such highway by pedestrians, bicycles, or other nonmotorized traffic, or by motorized bicycles, or by any class or kind of traffic which is found to be incompatible with the normal and safe flow of traffic.

(d) The commissioner of transportation or the public authority adopting any such prohibitory rules shall erect and maintain official signs on the controlled-access highway on which such rules are applicable and when so erected no person shall disobey the restrictions stated on such signs.

Sec. 9. Minnesota Statutes 2012, section 169.826, is amended by adding a subdivision to read:

Subd. 7. **Expiration date.** Upon request of the permit applicant the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 10. Minnesota Statutes 2012, section 169.8261, is amended by adding a subdivision to read:

Subd. 3. **Expiration date.** Upon request of the permit applicant the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 11. Minnesota Statutes 2012, section 169.86, subdivision 5, is amended to read:

Subd. 5. **Fees; proceeds deposited; appropriation.** The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. The fee for an annual permit that expires by law on the date of the vehicle registration expiration must be based on the proportion of the year that remains until the expiration date. Unless otherwise specified, all fees for permits issued by the commissioner of transportation must be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees are:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight, and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;

(2) motor vehicles that travel on interstate highways and carry loads authorized under subdivision 1a;

(3) motor vehicles operating with gross weights authorized under section 169.826, subdivision 1a;

(4) special pulpwood vehicles described in section 169.863;

(5) motor vehicles bearing snowplow blades not exceeding ten feet in width;

(6) noncommercial transportation of a boat by the owner or user of the boat;

(7) motor vehicles carrying bales of agricultural products authorized under section 169.862; and

(8) special milk-hauling vehicles authorized under section 169.867.

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

(1) mobile cranes;

- (2) construction equipment, machinery, and supplies;
 - (3) manufactured homes and manufactured storage buildings;
 - (4) implements of husbandry;
 - (5) double-deck buses;
 - (6) commercial boat hauling and transporting waterfront structures, including, but not limited to, portable boat docks and boat lifts;
 - (7) three-vehicle combinations consisting of two empty, newly manufactured trailers for cargo, horses, or livestock, not to exceed 28-1/2 feet per trailer; provided, however, the permit allows the vehicles to be moved from a trailer manufacturer to a trailer dealer only while operating on twin-trailer routes designated under section 169.81, subdivision 3, paragraph (c); and
 - (8) vehicles operating on that portion of marked Trunk Highway 36 described in section 169.81, subdivision 3, paragraph (e).
- (e) For vehicles that have axle weights exceeding the weight limitations of sections 169.823 to 169.829, an additional cost added to the fees listed above. However, this paragraph applies to any vehicle described in section 168.013, subdivision 3, paragraph (b), but only when the vehicle exceeds its gross weight allowance set forth in that paragraph, and then the additional cost is for all weight, including the allowance weight, in excess of the permitted maximum axle weight. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Weight (pounds) exceeding weight limitations on axles	Overweight Axle Group Cost Factors		
	Cost Per Mile For Each Group Of:		
	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0-2,000	.12	.05	.04
2,001-4,000	.14	.06	.05
4,001-6,000	.18	.07	.06
6,001-8,000	.21	.09	.07
8,001-10,000	.26	.10	.08
10,001-12,000	.30	.12	.09
12,001-14,000	Not permitted	.14	.11
14,001-16,000	Not permitted	.17	.12
16,001-18,000	Not permitted	.19	.15
18,001-20,000	Not permitted	Not permitted	.16
20,001-22,000	Not permitted	Not permitted	.20

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed in addition to the normal permit fee. Miles must be calculated based on the distance already traveled in the state plus the distance from the point of detection to a transportation loading site or unloading site within the state or to the point of exit from the state.

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, mobile cranes; construction equipment, machinery, and supplies; implements of husbandry; and commercial boat hauling. The fees for the permit are as follows:

Gross Weight (pounds) of Vehicle	Annual Permit Fee
90,000 or less	\$200
90,001 - 100,000	\$300
100,001 - 110,000	\$400
110,001 - 120,000	\$500
120,001 - 130,000	\$600
130,001 - 140,000	\$700
140,001 - 145,000	\$800
145,001 - 155,000	\$900

If the gross weight of the vehicle is more than 155,000 pounds the permit fee is determined under paragraph (e).

(g) For vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

(h) \$85 for an annual permit to be issued for a period not to exceed 12 months, for refuse-compactor vehicles that carry a gross weight of not more than: 22,000 pounds on a single rear axle; 38,000 pounds on a tandem rear axle; or, subject to section 169.828, subdivision 2, 46,000 pounds on a tridem rear axle. A permit issued for up to 46,000 pounds on a tridem rear axle must limit the gross vehicle weight to not more than 62,000 pounds.

(i) \$300 for a motor vehicle described in section 169.8261. The fee under this paragraph must be deposited as follows:

(1) the first \$50,000 in each fiscal year must be deposited in the trunk highway fund for costs related to administering the permit program and inspecting and posting bridges; and

(2) all remaining money in each fiscal year must be deposited in the bridge inspection and signing account as provided under subdivision 5b.

(j) Beginning August 1, 2006, \$200 for an annual permit for a vehicle operating under authority of section 169.824, subdivision 2, paragraph (a), clause (2).

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 12. Minnesota Statutes 2012, section 169.863, is amended by adding a subdivision to read:

Subd. 3. **Expiration date.** Upon request of the permit applicant the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 13. Minnesota Statutes 2012, section 169.865, subdivision 1, is amended to read:

Subdivision 1. **Six-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of six or more axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

- (1) 90,000 pounds; and
- (2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Notwithstanding subdivision 3, paragraph (a), clause (4), a vehicle or combination of vehicles operated under this subdivision and transporting only sealed intermodal containers may be operated on an interstate highway if allowed by the United States Department of Transportation.

(c) The fee for a permit issued under this subdivision is \$300, or a proportional amount as provided in section 169.86, subdivision 5.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 14. Minnesota Statutes 2012, section 169.865, subdivision 2, is amended to read:

Subd. 2. **Seven-axle vehicles.** (a) A road authority may issue an annual permit authorizing a vehicle or combination of vehicles with a total of seven or more axles to haul raw or unprocessed agricultural products and be operated with a gross vehicle weight of up to:

- (1) 97,000 pounds; and
- (2) 99,000 pounds during the period set by the commissioner under section 169.826, subdivision 1.

(b) Drivers of vehicles operating under this subdivision must comply with driver qualification requirements adopted under section 221.0314, subdivisions 2 to 5, and Code of Federal Regulations, title 49, parts 40 and 382.

(c) The fee for a permit issued under this subdivision is \$500, or a proportional amount as provided in section 169.86, subdivision 5.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 15. Minnesota Statutes 2012, section 169.865, is amended by adding a subdivision to read:

Subd. 5. **Expiration date.** Upon request of the permit applicant the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 16. Minnesota Statutes 2012, section 169.866, subdivision 3, is amended to read:

Subd. 3. **Permit fee; appropriation.** Vehicle permits issued under subdivision 1 must be annual permits. The fee is \$850 for each vehicle, or a proportional amount as provided in section 169.86, subdivision 5, and must be deposited in the trunk highway fund. An amount sufficient to administer the permit program is appropriated from the trunk highway fund to the commissioner for the costs of administering the permit program.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 17. Minnesota Statutes 2012, section 169.866, is amended by adding a subdivision to read:

Subd. 4. **Expiration date.** Upon request of the permit applicant the expiration date for a permit issued under this section must be the same as the expiration date of the permitted vehicle's registration.

EFFECTIVE DATE. This section is effective November 30, 2016, and applies to permits issued on and after that date.

Sec. 18. Minnesota Statutes 2012, section 171.02, subdivision 3, is amended to read:

Subd. 3. **Motorized bicycle.** (a) A motorized bicycle may not be operated on any public roadway by any person who does not possess a valid driver's license, unless the person has obtained a motorized bicycle operator's permit or motorized bicycle instruction permit from the commissioner of public safety. The operator's permit may be issued to any person who has attained the age of 15 years and who has passed the examination prescribed by the commissioner. The instruction permit may be issued to any person who has attained the age of 15 years and who has successfully completed an approved safety course and passed the written portion of the examination prescribed by the commissioner.

(b) This course must consist of, but is not limited to, a basic understanding of:

- (1) motorized bicycles and their limitations;
- (2) motorized bicycle laws and rules;
- (3) safe operating practices and basic operating techniques;
- (4) helmets and protective clothing;
- (5) motorized bicycle traffic strategies; and
- (6) effects of alcohol and drugs on motorized bicycle operators.

(c) The commissioner may adopt rules prescribing the content of the safety course, examination, and the information to be contained on the permits. A person operating a motorized bicycle under

a motorized bicycle permit is subject to the restrictions imposed by section 169.974, subdivision 2, on operation of a motorcycle under a two-wheel instruction permit.

(d) The fees for motorized bicycle operator's permits are as follows:

(1)	Examination and operator's permit, valid for one year	\$	6.75
(2)	Duplicate	\$	3.75
(3) (1)	<u>Renewal Motorized bicycle operator's permit before age 21 and valid until age 21</u>	\$	9.75
(4) (2)	Renewal permit age 21 or older and valid for four years	\$	15.75
(5) (3)	Duplicate of any renewal permit	\$	5.25
(6) (4)	Written examination and instruction permit, valid for 30 days	\$	6.75

Sec. 19. Minnesota Statutes 2012, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$17.25	C-\$21.25	B-\$28.25	A-\$36.25
Classified Under-21 D.L.	D-\$17.25	C-\$21.25	B-\$28.25	A-\$16.25
Enhanced Driver's License	D-\$32.25	C-\$36.25	B-\$43.25	A-\$51.25
Instruction Permit				\$5.25
Enhanced Instruction Permit				\$20.25
<u>Commercial Learner's Permit</u>				<u>\$2.50</u>
Provisional License				\$8.25
Enhanced Provisional License				\$23.25
Duplicate License or duplicate identification card				\$6.75
Enhanced Duplicate License or enhanced duplicate identification card				\$21.75
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$11.25
Enhanced Minnesota identification card				\$26.25

In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of: (1) \$1.75 until June 30, 2012; and (2) \$1.00 from July 1, 2012, to June 30, 2016. Surcharges collected

under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

(d) In addition to the fee required under paragraph (a), a driver's license agent may charge and retain a filing fee as provided under section 171.061, subdivision 4.

(e) In addition to the fee required under paragraph (a), the commissioner shall charge a filing fee at the same amount as a driver's license agent under section 171.061, subdivision 4. Revenue collected under this paragraph must be deposited in the driver services operating account.

(f) An application for a Minnesota identification card, instruction permit, provisional license, or driver's license, including an application for renewal, must contain a provision that allows the applicant to add to the fee under paragraph (a), a \$2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

Sec. 20. [171.161] COMMERCIAL DRIVER'S LICENSE; FEDERAL CONFORMITY.

Subdivision 1. **Conformity with federal law.** The commissioner of public safety shall ensure the programs and policies related to commercial drivers' licensure and the operation of commercial motor vehicles in Minnesota conform with the requirements of Code of Federal Regulations, title 49, part 383.

Subd. 2. **Conflicts.** To the extent a requirement of sections 171.162 to 171.169, or any other state or local law, conflicts with a provision of Code of Federal Regulations, title 49, part 383, the federal provision prevails.

Sec. 21. Minnesota Statutes 2012, section 174.02, is amended by adding a subdivision to read:

Subd. 10. **Products and services; billing.** The commissioner of transportation may bill operations units of the department for costs of centrally managed products or services that benefit multiple operations units. These costs may include equipment acquisition and rental, labor, materials, and other costs determined by the commissioner. Receipts must be credited to the special products and services account, which is established in the trunk highway fund, and are appropriated to the commissioner to pay the costs for which the billings are made.

Sec. 22. Minnesota Statutes 2013 Supplement, section 174.12, subdivision 2, is amended to read:

Subd. 2. **Transportation economic development accounts.** (a) A transportation economic development account is established in the special revenue fund under the budgetary jurisdiction of

the legislative committees having jurisdiction over transportation finance. Money in the account may be expended only as appropriated by law. The account may not contain money transferred or otherwise provided from the trunk highway fund.

(b) A transportation economic development account is established in the trunk highway fund. The account consists of funds donated, allotted, transferred, or otherwise provided to the account. Money in the account may be used only for trunk highway purposes. All funds in the account ~~available prior to August 1, 2013~~, are available until expended.

Sec. 23. Minnesota Statutes 2013 Supplement, section 174.42, subdivision 2, is amended to read:

Subd. 2. **Funding requirement.** In each federal fiscal year, the commissioner shall obtain a total amount in federal authorizations for reimbursement on transportation alternatives projects that is equal to or greater than the annual average of federal authorizations on transportation alternatives projects calculated over ~~the preceding four~~ the preceding four federal fiscal years 2010 to 2012.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to authorizations for federal fiscal year 2015 and subsequent federal fiscal years.

Sec. 24. [219.375] RAILROAD YARD LIGHTING.

Subdivision 1. **General requirements.** (a) All railroad common carriers, and their officers, agents, and employees, operating a railroad in this state are required to maintain lighting between sunset and sunrise above switches in railroad yards where from one half-hour before sunset to one half-hour after sunrise:

- (1) cars or locomotives are switched or inspected; or
- (2) cars are switched to assemble or disassemble trains.

Railroad common carriers shall provide lighting immediately adjacent to those portions of railroad yard tracks where railroad common carrier employees frequently work on the ground performing switching, inspection, and repair activities. For purposes of this section, "frequently work" means at least five days per week.

(b) Railroad yard lighting over switches and inspection areas must:

(1) conform with the guidelines set forth by the American Railway Engineering and Manufacturing Association (AREMA);

(2) be displayed only at times when activities related to switching, inspection, assembly, and disassembly of trains are taking place;

(3) include at least one lighting source for each two-yard track switch segment; and

(4) be displayed from a height of at least 30 feet above the railroad yard lead-track area.

(c) Lighting over switches and other light sources within railroad yards or at other railroad locations must be:

(1) maintained to illuminate as designed by the railroad or licensed contractor;

(2) compliant with the Minnesota Electrical Code;

(3) kept clear of obstructions; and

(4) focused on the railroad common carrier property designed to be illuminated.

(d) The energy source for lighting is permitted, though not required, to:

(1) be direct wired from a carrier facility power source, have solar panel power with a battery storage source, or have another constant energy source; or

(2) be designed to have standard or light-emitting diode fixtures or electrical circuits that include power saving or ambient atmosphere actuating switches.

(e) Railroad common carriers must replace damaged or nonoperative lighting within 48 hours after light source damage has been reported to the carrier.

Subd. 2. **Allowances for unusual conditions.** Railroad common carriers are not required to comply with the requirements of this section during:

(1) maintenance activities;

(2) derailments;

(3) any period of heavy rain or snow, washouts, or similar weather or seismic conditions; or

(4) a reasonable period after any occurrence identified in clauses (1) to (3), but no longer than is necessary to achieve compliance with this section.

Subd. 3. **Lighting orders; commissioner authority.** (a) When the commissioner finds that railroad common carrier employees who frequently work immediately adjacent to a portion of track performing switching, inspection, maintenance, repair, or fueling activities are exposed to hazard resulting from the lack of lighting, or to the condition of lighting constructed before July 1, 2014, the commissioner may order a railroad common carrier to construct lighting adjacent to a portion of track where employees are performing switching, inspection, maintenance, repair or fueling activities, or require a railroad common carrier to modify existing lighting to conform with the standards set forth by AREMA lighting standards, within a reasonable period of time.

(b) A railroad common carrier, person, or corporation may appeal an order under this subdivision. An appeal under this paragraph is subject to the processes and requirements of chapter 14.

Subd. 4. **Failure to correct.** If a railroad common carrier, person, or corporation fails to correct a violation of this section within the time provided in an order issued by the commissioner of transportation under subdivision 3, and the railroad common carrier, person, or corporation does not appeal the order, the failure to correct the violation as ordered by the commissioner constitutes a new and separate offense distinct from the original violation of this section.

Subd. 5. **Complaints.** No formal complaint of an alleged violation of this section may be filed until the filing party has attempted to address the alleged violations with the railroad common carrier. Any complaint of an alleged violation must contain a written statement that the filing party has made a reasonable, good faith attempt to address the alleged violation.

Subd. 6. **Waiver.** Upon written request of a railroad common carrier, the commissioner of transportation may waive any portion of this section if conditions do not reasonably permit compliance. The commissioner's decision is subject to the requirements under section 218.041 and shall include an on-site inspection of the area for which the waiver has been requested. The

inspection shall occur between sunset and sunrise, and all parties of interest shall be permitted to attend.

Subd. 7. **Violations and penalties.** A railroad common carrier, corporation, or person who violates this section is liable to a penalty not to exceed \$500 for each violation.

Subd. 8. **Exceptions; applicability.** (a) This section establishes minimum standards for railroad yard lighting. Nothing in this section shall be construed to preclude design of railroad yard towers with multiple lighting sources, a brighter lighting design, or other features that exceed the requirements of this section.

(b) This section applies to all Class One and Class Two railroad common carrier railroad yards. This section does not apply to an entity that owns or operates track in Minnesota that is not a Class One or Class Two railroad common carrier as classified by the Federal Railroad Administration.

(c) Railroad yards and other locations where lighting exists on July 1, 2014, are compliant with subdivision 1, paragraphs (b) and (c).

EFFECTIVE DATE. This section is effective November 1, 2016.

Sec. 25. **[299A.017] STATE SAFETY OVERSIGHT.**

Subdivision 1. **Office created.** The commissioner of public safety shall establish an Office of State Safety Oversight in the Department of Public Safety for safety oversight of rail fixed guideway public transportation systems within the state. The commissioner shall designate a director of the office.

Subd. 2. **Authority.** The director shall implement and has regulatory authority to enforce the requirements for the state set forth in United States Code, title 49, sections 5329 and 5330, federal regulations adopted pursuant to those sections, and successor or supplemental requirements.

Sec. 26. Minnesota Statutes 2012, section 299F.012, subdivision 1, is amended to read:

Subdivision 1. **Authorized programs within department.** From the revenues appropriated from the fire safety account, established under section 297I.06, subdivision 3, the commissioner of public safety may expend funds for the activities and programs identified by the advisory committee established under subdivision 2 and recommended to the commissioner of public safety. The commissioner shall not expend funds without the recommendation of the advisory committee established under subdivision 2. The commissioner shall not expend funds without the recommendation of the advisory committee established under subdivision 2. These funds are to be used to provide resources needed for identified activities and programs of the Minnesota fire service and to ensure the State Fire Marshal Division responsibilities are fulfilled.

Sec. 27. Minnesota Statutes 2012, section 299F.012, subdivision 2, is amended to read:

Subd. 2. **Fire Service Advisory Committee.** (a) The Fire Service Advisory Committee shall provide recommendations to the commissioner of public safety on fire service-related issues and shall consist of representatives of each of the following organizations: two appointed by the president of the Minnesota State Fire Chiefs Association, two appointed by the president of the Minnesota State Fire Department Association, two appointed by the president of the Minnesota Professional Fire Fighters, two appointed by the president of the League of Minnesota Cities, one appointed by the president of the Minnesota Association of Townships, one appointed by

the president of the Insurance Federation of Minnesota, one appointed jointly by the presidents of the Minnesota Chapter of the International Association of Arson Investigators and the Fire Marshals Association of Minnesota, and the commissioner of public safety or the commissioner's designee. The commissioner of public safety must ensure that at least three of the members of the advisory committee work and reside in counties outside of the seven-county metropolitan area. The committee shall provide funding recommendations to the commissioner of public safety from the fire safety fund for the following purposes:

- (1) for the Minnesota Board of Firefighter Training and Education;
- (2) for programs and staffing for the State Fire Marshal Division; and
- (3) for fire-related regional response team programs and any other fire service programs that have the potential for statewide impact.

(b) The committee under paragraph (a) does not expire.

Sec. 28. **[473.4056] LIGHT RAIL TRANSIT VEHICLE DESIGN.**

Subdivision 1. **Adoption of standards.** (a) By January 1, 2015, the Metropolitan Council shall adopt and may thereafter amend standards for the design of light rail vehicles that are reasonably necessary to provide access for, and to protect the health and safety of, persons who use the service. All light rail transit vehicles procured on and after January 1, 2015, must conform to the standards then in effect.

(b) The Transportation Accessibility Advisory Committee must review the standards and all subsequent amendments before the Metropolitan Council adopts them.

(c) The Metropolitan Council shall post adopted standards, including amendments, on its Web site.

Subd. 2. **Minimum standards.** Standards adopted under this section must include, but are not limited to:

- (1) two dedicated spaces for wheelchair users in each car;
- (2) seating for a companion adjacent to at least two wheelchair-dedicated spaces; and
- (3) further specifications that meet or exceed the standards established in the Americans with Disabilities Act.

Sec. 29. **HIGHWAY 14 TURNBACK.**

Notwithstanding Minnesota Statutes, sections 161.081, subdivision 3, and 161.16, or any other law to the contrary, the commissioner of transportation may:

(1) by temporary order, take over the road described as "Old Highway 14" in the settlement agreement and release executed January 7, 2014, between the state and Waseca and Steele Counties;

(2) expend \$35,000,000 or the amount necessary to complete the work required under the settlement agreement; and

(3) upon completion of the work described in the settlement agreement, release "Old Highway 14" back to Steele and Waseca Counties.

Upon completion of the work described in the settlement agreement between the state and Waseca and Steele Counties, the counties shall accept responsibility for the road described in the agreement as "Old Highway 14."

Sec. 30. EVALUATION OF CERTAIN TRUNK HIGHWAY SPEED LIMITS.

Subdivision 1. **Engineering and traffic investigations.** The commissioner of transportation shall perform engineering and traffic investigations on trunk highway segments that are two-lane, two-way roadways with a posted speed limit of 55 miles per hour. On determining upon the basis of the investigation that the 55 miles per hour speed limit can be reasonably and safely increased under the conditions found to exist on any of the trunk highway segments examined, the commissioner may designate an increased limit applicable to those segments and erect appropriate signs designating the speed limit. The new speed limit shall be effective when the signs are erected. Of all the roadways to be studied under this section, approximately one-fifth must be subject to investigation each year until the statewide study is complete in 2019.

Subd. 2. **Report.** By January 15 annually, the commissioner shall provide to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation policy and finance a list of trunk highways or segments of trunk highways that were subject to an engineering and safety investigation in the previous calendar year, specifying in each case the applicable speed limits before and after the investigation.

EFFECTIVE DATE. This section is effective the day following final enactment and expires on the earlier of January 15, 2019, or the date the final report is submitted to the legislative committees under this section.

Sec. 31. TASK FORCE ON MOTOR VEHICLE INSURANCE COVERAGE VERIFICATION.

Subdivision 1. **Establishment.** The task force on motor vehicle insurance coverage verification is established to review and evaluate approaches to insurance coverage verification and recommend legislation to create and fund a program in this state.

Subd. 2. **Membership; meetings; staff.** (a) The task force shall be composed of 13 members, who must be appointed by July 1, 2014, and who serve at the pleasure of their appointing authorities:

- (1) the commissioner of public safety or a designee;
- (2) the commissioner of commerce or a designee;
- (3) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader;
- (4) two members of the senate, one appointed by the Subcommittee on Committees of the Committee on Rules and Administration and one appointed by the minority leader;
- (5) a representative of Minnesota Deputy Registrars Association;
- (6) a representative of AAA Minnesota;
- (7) a representative of AARP Minnesota;
- (8) a representative of the Insurance Federation of Minnesota;

- (9) a representative of the Minnesota Bankers Association;
- (10) a representative of the Minnesota Bar Association; and
- (11) a representative of the Minnesota Police and Peace Officers Association.

(b) Compensation and expense reimbursement must be as provided under Minnesota Statutes, section 15.059, subdivision 3, to members of the task force.

(c) The commissioner of public safety shall convene the task force by August 1, 2014, and shall appoint a chair from the membership of the task force. Staffing and technical assistance must be provided by the Department of Public Safety.

Subd. 3. **Duties.** The task force shall review and evaluate programs established in other states as well as programs proposed by third parties, identify one or more programs recommended for implementation in this state, and, as to the recommended programs, adopt findings concerning:

- (1) comparative costs of programs;
- (2) implementation considerations, and in particular, identifying the appropriate supervising agency and assessing compatibility with existing and planned computer systems;
- (3) effectiveness in verifying existence of motor vehicle insurance coverage;
- (4) identification of categories of authorized users;
- (5) simplicity of access and use for authorized users;
- (6) data privacy considerations;
- (7) data retention policies; and
- (8) statutory changes necessary for implementation.

Subd. 4. **Report.** By February 1, 2015, the task force must submit to the chairs and ranking minority members of the house of representatives and senate committees and divisions with primary jurisdiction over commerce and transportation its written recommendations, including any draft legislation necessary to implement the recommendations.

Subd. 5. **Sunset.** The task force shall sunset the day after submitting the report under subdivision 4, or February 2, 2015, whichever is earlier.

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

Sec. 32. **COMMUNITY DESTINATION SIGN PILOT PROGRAM.**

Subdivision 1. **Definition.** (a) For purposes of this section, the following terms have the meanings given.

- (b) "City" means the city of Two Harbors.
- (c) "General retail services" means a business that sells goods or services at retail and directly to an end-use consumer. General retail services includes but is not limited to:
 - (1) personal services;
 - (2) repair services;

- (3) hardware stores;
- (4) lumber or building supply stores; and
- (5) automotive parts sellers.

Subd. 2. **Pilot program established.** In consultation with the city of Two Harbors, the commissioner of transportation shall establish a community destination sign pilot program for wayfinding within the city to destinations or attractions of interest to the traveling public.

For purposes of Minnesota Statutes, chapter 173, signs under the pilot program are official signs.

Subd. 3. **Signage, design.** (a) The pilot program must include as eligible attractions and destinations:

- (1) minor traffic generators; and
 - (2) general retail services, specified by business name, that are identified in a community wayfinding program established by the city.
- (b) The commissioner of transportation, in coordination with the city, may establish sign design specifications for signs under the pilot program. Design specifications must allow for placement of:

- (1) a city name and city logo or symbol; and
- (2) up to five attractions or destinations on a community destination sign assembly.

Subd. 4. **Program costs.** The city shall pay costs of design, construction, erection, and maintenance of the signs and sign assemblies under the pilot program. The commissioner shall not impose fees for the pilot program.

Subd. 5. **Expiration.** The pilot program under this section expires on January 1, 2022.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Two Harbors and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 5

CRIMINAL JUSTICE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2014</u>		<u>2015</u>		<u>Total</u>
<u>General</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>30,787,000</u>	<u>\$</u>
Total	\$	-0-	\$	30,787,000	\$

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2013, chapter 86, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal

years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment.

		APPROPRIATIONS	
		Available for the Year	
		Ending June 30	
		<u>2014</u>	<u>2015</u>
Sec. 3. <u>CORRECTIONS</u>			
Subdivision 1. <u>Total Appropriation</u>	\$	<u>-0-</u>	\$ <u>30,089,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>			
Subd. 2. <u>Correctional Institutions</u>		<u>-0-</u>	<u>27,289,000</u>
<u>This includes a onetime appropriation of \$11,089,000.</u>			
Subd. 3. <u>Community Services</u>		<u>-0-</u>	<u>1,900,000</u>
Subd. 4. <u>Operations Support</u>		<u>-0-</u>	<u>900,000</u>
Sec. 4. <u>PUBLIC SAFETY</u>	\$	<u>-0-</u>	\$ <u>600,000</u>
<u>Expungement</u>			
<u>To implement the expungement law changes in 2014 S.F. No. 2214, if enacted.</u>			
Sec. 5. <u>HUMAN SERVICES</u>	\$	<u>-0-</u>	\$ <u>98,000</u>
<u>Expungement</u>			
<u>To implement the expungement law changes in 2014 S.F. No. 2214, if enacted.</u>			

ARTICLE 6

CRIMINAL JUSTICE-RELATED PROVISIONS

Section 1. Minnesota Statutes 2012, section 260B.198, subdivision 7, is amended to read:

Subd. 7. **Continuance.** (a) When it is in the best interests of the child to do so and not inimical to public safety and when the child has admitted the allegations contained in the petition before the judge or referee, or when a hearing has been held as provided for in section 260B.163 and the allegations contained in the petition have been duly proven but, in either case, before a finding of

delinquency has been entered, the court may continue the case for a period not to exceed 90 180 days on any one order. ~~Such a continuance may be extended for one additional successive period not to exceed 90 days and only after the court has reviewed the case and entered its order for an additional continuance without a finding of delinquency.~~ The continuance may be extended for one additional successive period not to exceed 180 days, but only with the consent of the prosecutor and only after the court has reviewed the case and entered its order for the additional continuance without a finding of delinquency. During this a continuance the court may enter an order in accordance with the provisions of subdivision 1, ~~clause (1) or (2)~~ except clause (4), or enter an order to hold the child in detention for a period not to exceed 15 days on any one order for the purpose of completing any consideration, or any investigation or examination ordered in accordance with the provisions of section 260B.157.

(b) A prosecutor may appeal a continuance ordered in contravention of this subdivision. This subdivision does not extend the court's jurisdiction under section 260B.193 and does not apply to an extended jurisdiction juvenile proceeding.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 2. Minnesota Statutes 2012, section 645.241, is amended to read:

645.241 PUNISHMENT FOR PROHIBITED ACTS.

(a) Except as provided in paragraph (b), when the performance of any act is prohibited by a statute, and no penalty for the violation of the same shall be imposed in any statute, the doing of such act shall be a misdemeanor.

(b) When the performance of any act is prohibited by a statute enacted or amended after September 1, 2014, and no penalty for the violation of the same shall be imposed in any statute, the doing of such act shall be a petty misdemeanor.

Sec. 3. Laws 2013, chapter 86, article 1, section 13, is amended to read:

Sec. 13. PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD

\$	3,870,000	\$	3,870,000
----	------------------	----	------------------

(a) Excess Amounts Transferred

This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of \$3,870,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$3,870,000 must be transferred and credited to the general fund.

(b) Peace Officer Training Reimbursements

\$2,734,000 each year is for reimbursements to local governments for peace officer training costs.

(c) Training; Sexually Exploited and Trafficked Youth

Of the appropriation in paragraph (b), \$100,000 the first year is for reimbursements to local governments for peace officer training costs on sexually exploited and trafficked youth, including effectively identifying sex trafficked victims and traffickers, investigation techniques, and assisting sexually exploited youth. These funds are available until June 30, 2016.

Reimbursement shall be provided on a flat fee basis of \$100 per diem per officer.

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

ARTICLE 7

STATE DEPARTMENTS AND VETERANS

Section 1. **STATE DEPARTMENTS AND VETERANS APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2013, chapter 142, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 2. **STATE DEPARTMENTS AND VETERANS APPROPRIATIONS**

Subdivision 1. **Legislative Coordinating Commission**

	<u>-0-</u>	<u>455,000</u>
--	-------------------	-----------------------

\$300,000 is for operating costs of the joint legislative offices.

\$155,000 is for the Legislative Water Commission established in section 4. \$145,000 each fiscal year is added to the base through fiscal year 2019.

Subd. 2. Administration

-0-

400,000

\$150,000 is for developing and implementing a certification program for veteran-owned small businesses in accordance with Minnesota Statutes, section 16C.19. \$112,000 each year is added to the base.

\$250,000 is appropriated for up to five grants of up to \$50,000 each to conduct a housing needs assessment for veterans. Up to five percent may be used by the commissioner to administer these grants. The grants may be awarded to any government or nongovernmental organization. The assessment, which may be a study or a survey, may examine the need for scattered site housing for veterans and their families who are homeless or in danger of homelessness or for housing that addresses the health care needs of disabled or aging veterans. The assessment must be started by July 30, 2015, and completed by July 30, 2016. The commissioner of administration must provide copies of any completed assessment to the chairs and ranking minority members of the legislative committees with jurisdiction over housing and veterans affairs no later than January 1, 2017. This is a onetime appropriation.

Subd. 3. Racing Commission

100,000

85,000

These appropriations are from the racing and card playing regulation accounts in the special revenue fund. These appropriations are onetime and are available in either year of the biennium.

Subd. 4. Amateur Sports Commission

-0-

50,000

\$50,000 is to develop a pilot program to prevent and reduce childhood obesity. This

appropriation is onetime and is available until June 30, 2017.

Subd. 5. Minnesota Historical Society -0- 22,000

\$22,000 is for a grant to Farm America for repairs and maintenance of the Minnesota Agricultural Interpretive Center and for audit expenses. This is a onetime appropriation and is available until June 30, 2017.

Subd. 6. Board of the Arts -0- 600,000

For arts education in partnership with the President's Turnaround Arts Initiative. This appropriation is canceled if the federal grant under the initiative is not awarded. This appropriation is available until June 30, 2015. This is a onetime appropriation.

Subd. 7. Minnesota Humanities Center -0- 225,000

\$125,000 is for the Veterans' Voices program to educate and engage the community regarding veterans' contributions, knowledge, skills, and experiences. Of this amount, \$25,000 is for transfer to the Association of Minnesota Public Education Radio Stations for statewide programming to promote the Veterans' Voices program. This is a onetime appropriation.

\$100,000 is from the arts and cultural heritage fund for professional development for kindergarten through grade 12 educators to better culturally engage their work with at-risk student populations. This may include new and original literature that addresses literacy of emerging cultural communities. This is a onetime appropriation.

Subd. 8. Department of Education -0- 44,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 9. Board of Accountancy -0- 44,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 10. Board of Architecture, Engineering, Land Surveying, Landscape, Architecture, Geoscience, and Interior Design

-0-

44,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 11. Board of Cosmetologist Examiners

-0-

20,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 12. Board of Barber Examiners

-0-

10,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 13. Board of Private Detectives

-0-

44,000

This appropriation is to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 14. Board of Behavioral Health and Therapy

-0-

15,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 15. Board of Dentistry

-0-

10,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 16. **Board of Dietetics and Nutrition Practice** -0- 10,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 17. **Board of Marriage and Family Therapy** -0- 14,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 18. **Board of Nursing Home Administrators** -0- 1,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 19. **Board of Optometry** -0- 10,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 20. **Board of Podiatric Medicine** -0- 10,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Subd. 21. **Board of Social Work** -0- 3,000

This appropriation is from the state government special revenue fund to implement expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This is a onetime appropriation.

Sec. 3. Minnesota Statutes 2012, section 3.099, subdivision 3, is amended to read:

Subd. 3. **Leaders.** The senate Committee on Rules and Administration for the senate and the house of representatives Committee on Rules and Legislative Administration for the house of representatives may each designate for their respective body up to ~~three~~ four leadership positions to receive up to 140 percent of the compensation of other members.

At the commencement of each biennial legislative session, each house of the legislature shall adopt a resolution designating its majority and minority leader.

The majority leader is the person elected by the caucus of members in each house which is its largest political affiliation. The minority leader is the person elected by the caucus which is its second largest political affiliation.

EFFECTIVE DATE. This section is effective January 6, 2015.

Sec. 4. **[3.886] LEGISLATIVE WATER COMMISSION.**

Subdivision 1. **Establishment.** A Legislative Water Commission is established.

Subd. 2. **Membership.** (a) The Legislative Water Commission consists of 12 members appointed as follows:

(1) six members of the senate, including three majority party members appointed by the majority leader and three minority party members appointed by the minority leader; and

(2) six members of the house of representatives, including three majority party members appointed by the speaker of the house and three minority party members appointed by the minority leader.

(b) Members serve at the pleasure of the appointing authority and continue to serve until their successors are appointed or until a member is no longer a member of the legislative body that appointed the member to the commission. Vacancies shall be filled in the same manner as the original positions. Vacancies occurring on the commission do not affect the authority of the remaining members of the Legislative Water Commission to carry out the function of the commission.

(c) Members shall elect a chair, vice chair, and other officers as determined by the commission. The chair may convene meetings as necessary to conduct the duties prescribed by this section.

Subd. 3. **Commission staffing.** The Legislative Coordinating Commission must employ staff and contract with consultants as necessary to enable the Legislative Water Commission to carry out its duties and functions.

Subd. 4. **Powers and duties.** (a) The Legislative Water Commission shall review water policy reports and recommendations of the Environmental Quality Board, the Board of Water and Soil Resources, the Pollution Control Agency, the Department of Natural Resources, the Metropolitan Council, and other water-related reports as may be required by law or the legislature.

(b) The commission may conduct public hearings and otherwise secure data and comments.

(c) The commission shall make recommendations as it deems proper to assist the legislature in formulating legislation.

(d) Data or information compiled by the Legislative Water Commission or its subcommittees shall be made available to the Legislative-Citizen Commission on Minnesota Resources, the Clean

Water Council, and standing and interim committees of the legislature on request of the chair of the respective commission, council, or committee.

(e) The commission shall coordinate with the Clean Water Council.

Subd. 5. **Compensation.** Members may receive per diem under section 3.099 for attending commission meetings, and may be reimbursed for expenses incurred doing the work of the commission, but shall not receive any other compensation for serving on the commission.

Subd. 6. **Expiration.** This section expires July 1, 2019.

Sec. 5. Minnesota Statutes 2013 Supplement, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each odd-numbered year to assist the legislature in establishing the compensation of constitutional officers, ~~members of the legislature~~, justices of the Supreme Court, judges of the Court of Appeals and district court, and the heads of state and metropolitan agencies included in section 15A.0815.

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

Sec. 6. Minnesota Statutes 2013 Supplement, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations.** (a) By ~~March~~ April 15 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house and the president of the senate salary recommendations for constitutional officers, ~~legislators~~, justices of the Supreme Court, and judges of the Court of Appeals and district court. The recommended salary for each other office must take effect on the first Monday in January of the next odd-numbered year, with no more than one adjustment, to take effect on January 1 of the year after that. The salary recommendations for ~~legislators~~, judges; and constitutional officers take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected. ~~The salary recommendations for legislators are subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.~~

(b) The council shall also submit to the speaker of the house and the president of the senate recommendations for the salary ranges of the heads of state and metropolitan agencies, to be effective retroactively from January 1 of that year if enacted into law. The recommendations shall include the appropriate group in section 15A.0815 to which each agency head should be assigned and the appropriate limitation on the maximum range of the salaries of the agency heads in each group, expressed as a percentage of the salary of the governor.

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

Sec. 7. Minnesota Statutes 2012, section 15A.082, subdivision 4, is amended to read:

Subd. 4. **Criteria.** In making compensation recommendations, the council shall consider the amount of compensation paid in government service and the private sector to persons with similar qualifications, the amount of compensation needed to attract and retain experienced and competent persons, and the ability of the state to pay the recommended compensation. ~~In making recommendations for legislative compensation, the council shall also consider the average length~~

~~of a legislative session, the amount of work required of legislators during interim periods, and opportunities to earn income from other sources without neglecting legislative duties.~~

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

Sec. 8. Minnesota Statutes 2012, section 16C.16, subdivision 6a, is amended to read:

Subd. 6a. **Veteran-owned small businesses.** (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated by: veterans.

~~(1) recently separated veterans who have served in active military service, at any time on or after September 11, 2001, and who have been discharged under honorable conditions from active service, as indicated by the person's United States Department of Defense form DD-214 or by the commissioner of veterans affairs;~~

~~(2) veterans with service-connected disabilities, as determined at any time by the United States Department of Veterans Affairs; or~~

~~(3) any other veteran-owned small businesses certified under section 16C.19, paragraph (d).~~

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

Sec. 9. Minnesota Statutes 2012, section 16C.19, is amended to read:

16C.19 ELIGIBILITY; RULES.

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that ~~small businesses, small targeted group businesses, and small businesses located in economically disadvantaged areas, and veteran-owned small businesses~~ are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

~~(d) Notwithstanding paragraph (c), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74~~ Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of

Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

Sec. 10. Minnesota Statutes 2012, section 122A.18, is amended by adding a subdivision to read:

Subd. 7c. **Temporary military license.** The Board of Teaching shall establish a temporary license in accordance with section 197.4552 for teaching. The fee for a temporary license under this subdivision shall be \$87.90 for an on-line application or \$86.40 for a paper application.

Sec. 11. [148.595] **TEMPORARY MILITARY PERMIT; FEE.**

The Board of Optometry shall establish a temporary permit in accordance with section 197.4552. The fee for the temporary military permit is \$250.

Sec. 12. Minnesota Statutes 2012, section 148.624, is amended by adding a subdivision to read:

Subd. 5. **Temporary military permit.** The board shall issue a temporary permit to members of the military in accordance with section 197.4552. The fee for the temporary permit is \$250.

Sec. 13. Minnesota Statutes 2013 Supplement, section 148B.17, subdivision 2, is amended to read:

Subd. 2. **Licensure and application fees.** Nonrefundable licensure and application fees established by the board shall not exceed the following amounts:

- (1) application fee for national examination is \$110;
- (2) application fee for Licensed Marriage and Family Therapist (LMFT) state examination is \$110;
- (3) initial LMFT license fee is prorated, but cannot exceed \$125;
- (4) annual renewal fee for LMFT license is \$125;
- (5) late fee for LMFT license renewal is \$50;
- (6) application fee for LMFT licensure by reciprocity is \$220;
- (7) fee for initial Licensed Associate Marriage and Family Therapist (LAMFT) license is \$75;
- (8) annual renewal fee for LAMFT license is \$75;
- (9) late fee for LAMFT renewal is \$25;
- (10) fee for reinstatement of license is \$150; ~~and~~
- (11) fee for emeritus status is \$125; and
- (12) fee for temporary license for members of the military is \$100.

Sec. 14. Minnesota Statutes 2012, section 148B.53, subdivision 3, is amended to read:

Subd. 3. **Fee.** Nonrefundable fees are as follows:

- (1) initial license application fee for licensed professional counseling (LPC) - \$150;

- (2) initial license fee for LPC - \$250;
- (3) annual active license renewal fee for LPC - \$250 or equivalent;
- (4) annual inactive license renewal fee for LPC - \$125;
- (5) initial license application fee for licensed professional clinical counseling (LPCC) - \$150;
- (6) initial license fee for LPCC - \$250;
- (7) annual active license renewal fee for LPCC - \$250 or equivalent;
- (8) annual inactive license renewal fee for LPCC - \$125;
- (9) license renewal late fee - \$100 per month or portion thereof;
- (10) copy of board order or stipulation - \$10;
- (11) certificate of good standing or license verification - \$25;
- (12) duplicate certificate fee - \$25;
- (13) professional firm renewal fee - \$25;
- (14) sponsor application for approval of a continuing education course - \$60;
- (15) initial registration fee - \$50;
- (16) annual registration renewal fee - \$25; **and**
- (17) approved supervisor application processing fee - \$30; **and**
- (18) temporary license for members of the military - \$250.

Sec. 15. Minnesota Statutes 2012, section 150A.091, is amended by adding a subdivision to read:

Subd. 9c. **Temporary permit.** Applications for a temporary military permit in accordance with section 197.4552 shall submit a fee not to exceed the amount of \$250.

Sec. 16. Minnesota Statutes 2012, section 153.16, is amended by adding a subdivision to read:

Subd. 4. **Temporary military permit.** The board shall establish a temporary permit in accordance with section 197.4552. The fee for the temporary military permit is \$250.

Sec. 17. Minnesota Statutes 2012, section 154.11, as amended by Laws 2013, chapter 85, article 5, section 12, is amended to read:

154.11 EXAMINATION OF NONRESIDENT BARBERS AND INSTRUCTORS OF BARBERING; TEMPORARY APPRENTICE PERMITS; TEMPORARY MILITARY LICENSE AND APPRENTICE PERMITS.

Subdivision 1. **Examination of nonresidents.** A person who meets all of the requirements for barber registration in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and either has a license, certificate of registration, or an equivalent as a practicing barber or instructor of barbering from another state or country which in the discretion of the board has substantially the same requirements for registering barbers and instructors of barbering as

required by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 or can prove by sworn affidavits practice as a barber or instructor of barbering in another state or country for at least five years immediately prior to making application in this state, shall, upon payment of the required fee, be issued a certificate of registration without examination.

Subd. 2. **Temporary apprentice permits for nonresidents.** Any person who qualifies for examination as a registered barber under this section may apply for a temporary apprentice permit which is effective no longer than six months. All persons holding a temporary apprentice permit are subject to all provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and the rules adopted by the board under those sections concerning the conduct and obligations of registered apprentices.

Subd. 3. **Temporary military license.** The board shall establish a temporary license for barbers and master barbers and a temporary permit for apprentices in accordance with section 197.4552. The fee for a temporary license under this subdivision for a master barber is \$85. The fee for a temporary license under this subdivision for a barber is \$180. The fee for a temporary permit under this subdivision for an apprentice is \$80.

Sec. 18. Minnesota Statutes 2012, section 155A.27, is amended by adding a subdivision to read:

Subd. 5a. **Temporary military license.** The board shall establish temporary licenses for a cosmetologist, nail technician, and esthetician, in accordance with section 197.4552. The fee for a temporary license under this subdivision for a cosmetologist, nail technician, or esthetician is \$100.

Sec. 19. Minnesota Statutes 2012, section 181.940, subdivision 2, is amended to read:

Subd. 2. **Employee.** "Employee" means a person who ~~performs services for hire for~~ has been employed by an employer from whom a leave is requested under sections 181.940 to 181.944 for:

(1) at least 12 consecutive months immediately preceding the request or, if the employer is an educational institution, at least 12 months preceding the request; and

(2) for an average number of hours per week equal to one-half the full-time equivalent position in the employee's job classification as defined by the employer's personnel policies or practices or pursuant to the provisions of a collective bargaining agreement, during those 12 months.

For the purpose of this subdivision, "educational institution" means an elementary or secondary school.

Employee includes all individuals employed at any site owned or operated by the employer but does not include an independent contractor.

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

Sec. 20. [197.4552] EXPEDITED AND TEMPORARY LICENSING FOR FORMER AND CURRENT MEMBERS OF THE MILITARY.

Subdivision 1. **Expedited licensing processing.** Notwithstanding any other law to the contrary, each professional licensing board defined in section 214.01, subdivisions 2 and 3, shall establish a procedure to expedite the issuance of a license or certification to perform professional services regulated by each board to a qualified individual who is:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license or certification application, and has confirmation of an honorable or general discharge status.

Subd. 2. **Temporary licenses.** (a) Notwithstanding any other law to the contrary, each professional licensing board defined in section 214.01, subdivisions 2 and 3, shall establish a procedure to issue a temporary license or certification to perform professional services regulated by each board to a qualified individual who is:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license or certification application, and has confirmation of an honorable or general discharge status.

(b) A qualified individual under paragraph (a) must provide evidence of:

(1) a current, valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicants' ability to become licensed.

(c) A temporary license or certificate issued under this subdivision shall allow a qualified individual to perform regulated professional services for a limited length of time as determined by the licensing board. During the temporary license period, the individual shall complete the full application procedure as required by applicable law.

Subd. 3. **Rulemaking.** Each licensing board may adopt rules to carry out the provisions of this section.

Sec. 21. Minnesota Statutes 2012, section 326.04, is amended by adding a subdivision to read:

Subd. 1a. **Temporary military certificate.** The board shall establish a temporary certificate in accordance with section 197.4552.

Sec. 22. Minnesota Statutes 2012, section 326.10, is amended by adding a subdivision to read:

Subd. 10. **Temporary military license.** The board shall establish a temporary license in accordance with section 197.4552 for the practice of architecture, professional engineering, geosciences, land surveying, landscape architecture, and interior design. The fee for the temporary license under this subdivision for the practice of architecture, professional engineering, geosciences, land surveying, landscape architecture, or interior design is \$132.

Sec. 23. Minnesota Statutes 2012, section 326.3382, is amended by adding a subdivision to read:

Subd. 6. **Temporary military license.** The board shall establish a temporary license to engage in the business of private detective or protective agent in accordance with section 197.4552. The fee for the temporary license under this subdivision for a private detective is \$1,000. The fee for a temporary license under this subdivision for a protective agent is \$800.

Sec. 24. Minnesota Statutes 2012, section 326A.04, is amended by adding a subdivision to read:

Subd. 1a. **Temporary military certificate.** The board shall establish a temporary military certificate in accordance with section 197.4552.

Sec. 25. Minnesota Statutes 2013 Supplement, section 326A.04, subdivision 5, is amended to read:

Subd. 5. **Fee.** (a) The board shall charge a fee for each application for initial issuance or renewal of a certificate or temporary military certificate under this section as provided in paragraph (b). The fee for the temporary military certificate is \$100.

(b) The board shall charge the following fees:

- (1) initial issuance of certificate, \$150;
- (2) renewal of certificate with an active status, \$100 per year;
- (3) initial CPA firm permits, except for sole practitioners, \$100;
- (4) renewal of CPA firm permits, except for sole practitioners and those firms specified in clause (17), \$35 per year;
- (5) initial issuance and renewal of CPA firm permits for sole practitioners, except for those firms specified in clause (17), \$35 per year;
- (6) annual late processing delinquency fee for permit, certificate, or registration renewal applications not received prior to expiration date, \$50;
- (7) copies of records, per page, 25 cents;
- (8) registration of noncertificate holders, nonlicensees, and nonregistrants in connection with renewal of firm permits, \$45 per year;
- (9) applications for reinstatement, \$20;
- (10) initial registration of a registered accounting practitioner, \$50;
- (11) initial registered accounting practitioner firm permits, \$100;
- (12) renewal of registered accounting practitioner firm permits, except for sole practitioners, \$100 per year;
- (13) renewal of registered accounting practitioner firm permits for sole practitioners, \$35 per year;
- (14) CPA examination application, \$40;
- (15) CPA examination, fee determined by third-party examination administrator;
- (16) renewal of certificates with an inactive status, \$25 per year; and
- (17) renewal of CPA firm permits for firms that have one or more offices located in another state, \$68 per year.

Sec. 26. **LEGISLATIVE WATER COMMISSION INITIAL APPOINTMENTS AND FIRST MEETING.**

Initial appointments to the Legislative Water Commission established in section 4 must be made by September 1, 2014. The first meeting of the commission shall be convened by the chair of the commission by October 15, 2014. The commission shall select a chair from its membership at its first meeting.

Sec. 27. STUDY OF SPECIAL REVENUE ACCOUNT FOR CENTRAL ACCOMMODATION.

The commissioner of management and budget, in consultation with the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee and the governor by January 5, 2015, on advantages and disadvantages of creating an account for the special revenue fund in the state treasury to pay for costs of providing accommodations to executive branch state employees with disabilities. The report must include:

(1) a summary of money spent by executive branch state agencies in fiscal years 2012 and 2013 for providing accommodations to executive branch state employees, to the extent that such expenditures can be determined; and

(2) recommendations for laws and policies needed to implement an account in the special revenue fund, if one is recommended under this section; or other recommendations related to best practices in provision of accommodations for employees with disabilities in the executive branch.

ARTICLE 8

ENVIRONMENT AND AGRICULTURE

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2014</u>	<u>2015</u>	<u>Total</u>
<u>General</u>	\$ -0-	\$ 3,321,000	\$ 3,321,000
<u>Environmental</u>	-0-	750,000	750,000
<u>Remediation</u>	-0-	650,000	650,000
<u>Natural Resources</u>	-0-	(1,450,000)	(1,450,000)
<u>Game and Fish</u>	-0-	2,400,000	2,400,000
<u>Clean Water</u>	-0-	2,500,000	2,500,000
<u>Environment and Natural Resources Trust</u>	-0-	490,000	490,000
<u>Total</u>	\$ -0-	\$ 8,661,000	\$ 8,661,000

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2013, chapter 114, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another

named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment.

				<u>APPROPRIATIONS</u>	
				<u>Available for the Year</u>	
				<u>Ending June 30</u>	
				<u>2014</u>	<u>2015</u>
Sec. 3. <u>POLLUTION CONTROL AGENCY</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>1,600,000</u>	

\$750,000 in 2015 is from the environmental fund for SCORE block grants to counties.

\$200,000 in 2015 is from the clean water fund for coordination with the state of Wisconsin and the National Park Service on comprehensive phosphorus reduction activities in the Lake St. Croix portion of the St. Croix River. The agency shall work with the St. Croix Basin Water Resources Planning Team and the St. Croix River Association in implementing the water monitoring and phosphorus reduction activities. This is a onetime appropriation and is subject to the availability of appropriations in Laws 2013, chapter 137, article 2, section 2, subdivision 2.

\$650,000 in 2015 from the remediation fund for additional staff and administrative expenses to manage and oversee investigation and mitigation efforts at superfund sites. This is a onetime appropriation.

Sec. 4. **NATURAL RESOURCES**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>3,421,000</u>	
--	------------------	-------------------	------------------	-------------------------	--

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>2,471,000</u>
<u>Natural Resources</u>	<u>-0-</u>	<u>(1,450,000)</u>
<u>Game and Fish</u>	<u>-0-</u>	<u>2,400,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Land and Minerals Management

Appropriations by Fund

General	<u>-0-</u>	<u>2,450,000</u>
Natural Resources	<u>-0-</u>	<u>(1,450,000)</u>

\$1,450,000 in 2015 is a reduction to the appropriation from the minerals management account in the natural resources fund for minerals resource management.

\$1,450,000 in 2015 is for minerals resource management.

\$1,000,000 in 2015 is to extinguish the school trust interest in the school trust lands identified in Minnesota Statutes, section 84.027, subdivision 18, paragraph (c). This is a onetime appropriation.

Subd. 3. Ecological and Water Resources **-0-** **(1,679,000)**

\$1,700,000 in 2015 is a reduction to surface and groundwater management. This is a onetime reduction.

\$21,000 in 2015 for a grant to the Mississippi Headwaters Board for the cost of implementing the comprehensive plan for the upper Mississippi within the areas under the board's jurisdiction.

Subd. 4. Parks and Trails Management **-0-** **1,700,000**

\$1,700,000 in 2015 is for parks and trails management. This is a onetime appropriation.

Subd. 5. Fish and Wildlife Management **-0-** **2,400,000**

\$2,000,000 in 2015 is from the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10. This is a onetime appropriation and is available until June 30, 2017.

\$400,000 in 2015 is from the heritage enhancement account in the game and fish

fund for a grant to Let's Go Fishing of Minnesota to provide community outreach to senior citizens, youth, and veterans and for the costs associated with establishing and recruiting new chapters. The grants must be matched with cash or in-kind contributions from nonstate sources. Of this amount, \$25,000 is for Asian Outdoor Heritage for youth fishing recruitment efforts and outreach in the metropolitan area. The commissioner may spend up to three percent of the appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2016.

Sec. 5. BOARD OF WATER AND SOIL RESOURCES

\$ -0- \$ 1,150,000

\$1,150,000 in 2015 from the clean water fund is added to the appropriation to the Board of Water and Soil Resources for grants in Laws 2013, chapter 137, article 2, section 7, paragraph (b). This is a onetime appropriation.

Sec. 6. ADMINISTRATION

\$ -0- \$ 185,000

\$185,000 in 2015 is for activities and the administrative expenses of the school trust lands director and additional staff, under Minnesota Statutes, section 127A.353.

Sec. 7. LEGISLATIVE COORDINATING COMMISSION

\$ -0- \$ 15,000

\$15,000 in 2015 is for the administrative expenses of the Permanent School Fund Commission under Minnesota Statutes, section 127A.30, and for compensation and expense reimbursement of commission members.

Sec. 8. UNIVERSITY OF MINNESOTA

\$ -0- \$ 1,640,000

\$490,000 in 2015 is from the environment and natural resources trust fund to develop and support a terrestrial invasive species research center at the University of Minnesota that will develop new techniques to control

terrestrial invasive species. This is a onetime appropriation and is available until June 30, 2019.

\$170,000 from the environment and natural resources trust fund appropriated in Laws 2011, First Special Session, chapter 2, article 3, section 2, subdivision 9, paragraph (d), Reinvest in Minnesota Wetlands Reserve Acquisition and Restoration Program Partnership, is transferred to the Board of Regents to develop and support a terrestrial invasive species research center at the University of Minnesota that will develop new techniques to control terrestrial invasive species and is available until June 30, 2019.

\$1,150,000 in 2015 from the clean water fund is for the Forever Green Agricultural Initiative and to protect the state's natural resources while increasing efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter annual crops into existing agricultural practices. This is a onetime appropriation and is subject to the availability of appropriations in Laws 2013, chapter 137, article 2, section 2, subdivision 2.

Sec. 9. AGRICULTURE

\$

-0- \$

550,000

\$350,000 in 2015 is for an increase in retail food handler inspections.

\$1,500,000 in 2015 is a reduction to the agricultural growth, research, and innovation program. This is a onetime reduction and none of this reduction may be allocated to the county fair arts access grants.

\$1,500,000 in 2015 is for a grant to Second Harvest Heartland to compensate Minnesota agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, or other agricultural commodities that would otherwise go unharvested or be discarded. Surplus commodities must be distributed statewide to food shelves and other charitable

organizations that are eligible to receive food from the food banks. Second Harvest Heartland may use up to five percent of the grant for administrative expenses. This is a onetime appropriation.

\$200,000 in 2015 is added to the appropriation in Laws 2013, chapter 114, article 1, section 3, subdivision 5, for distribution to the state's county fairs.

Sec. 10. <u>METROPOLITAN COUNCIL</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>100,000</u>
---	------------------	-------------------	------------------	-----------------------

\$800,000 from the environment and natural resources trust fund appropriated in Laws 2011, First Special Session, chapter 2, article 3, section 2, subdivision 9, paragraph (d), Reinvest in Minnesota Wetland Reserve Acquisition and Restoration Program Partnership is transferred to the Metropolitan Council for a grant to the White Bear Lake Conservation District to contract with an engineering firm for a detailed feasibility study of the lake augmentation option for White Bear Lake and is available until June 30, 2016. The detailed feasibility study must, at a minimum, provide for an evaluation of alternative routes; preliminary design; identify regulatory issues; provide preliminary cost estimates; and identify any other considerations that would affect the project's feasibility. The White Bear Lake Conservation District must choose an engineering firm that has demonstrated significant experience working with issues concerning water resources, watershed management and water supply management, and has demonstrated knowledge of the characterization of groundwater and surface water interaction in White Bear Lake and the effect of withdrawals from groundwater under White Bear Lake.

\$100,000 in 2015 is for a grant to the city of Shoreview for a feasibility study regarding the lowering of the water level of Turtle Lake and the possible effects of an augmentation of the lake.

Sec. 11. Laws 2013, chapter 114, article 3, section 3, subdivision 6, is amended to read:

Subd. 6. Remediation Fund

The commissioner shall transfer up to ~~\$46,000,000~~ \$47,150,000 from the environmental fund to the remediation fund for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

Sec. 12. REPEALER.

Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2010, First Special Session chapter 1, article 6, section 6, and Laws 2013, chapter 114, article 3, section 9, is repealed.

ARTICLE 9

ENVIRONMENT AND AGRICULTURE FISCAL IMPLEMENTATION PROVISIONS

Section 1. Minnesota Statutes 2012, section 16A.125, subdivision 5, is amended to read:

Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the Constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of management and budget shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of management and budget shall certify the costs incurred for forestry during that year under appropriations for the improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. After presentation to the Legislative Permanent School Fund Commission, the commissioner of natural resources shall supply the commissioner of management and budget with the information needed for the certificate. The certificate shall include an analysis that compares costs certified under this section with costs incurred on other public and private lands with similar land assets.

(d) After a fiscal year, the commissioner shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(1) the amount of the certified costs incurred by the state for forest management, forest improvement, and road improvement during the fiscal year shall be transferred to the forest management investment account established under section 89.039;

(2) the amount of costs incurred by the Legislative Permanent School Fund Commission under section 127A.30, and by the school trust lands director under section 127A.353, shall be transferred to the general fund;

(3) the balance of the certified costs incurred by the state during the fiscal year shall be transferred to the general fund; and

~~(3)~~ (4) the balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Sec. 2. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 1c. **Apiary.** "Apiary" means a place where a collection of one or more hives or colonies of bees or the nuclei of bees are kept.

Sec. 3. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 2a. **Bee.** "Bee" means any stage of the common honeybee, *Apis mellifera* (L).

Sec. 4. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 2b. **Bee owner.** "Bee owner" means a person who owns an apiary.

Sec. 5. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 4c. **Colony.** "Colony" means the aggregate of worker bees, drones, the queen, and developing young bees living together as a family unit in a hive or other dwelling.

Sec. 6. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 11a. **Hive.** "Hive" means a frame hive, box hive, box, barrel, log gum, skep, or any other receptacle or container, natural or artificial, or any part of one, which is used as domicile for bees.

Sec. 7. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 20a. **Pollinator.** "Pollinator" means an insect that pollinates flowers.

Sec. 8. Minnesota Statutes 2012, section 18B.03, is amended by adding a subdivision to read:

Subd. 4. **Pollinators.** The commissioner may take enforcement action under chapter 18D for a violation of this chapter, or any rule adopted under this chapter, that results in harm to pollinators, including but not limited to applying a product in a manner inconsistent with the product's label or labeling and resulting in pollinator death or willfully applying pesticide in a manner inconsistent with the product label or labeling. The commissioner must deposit any penalty collected under this subdivision in the pesticide regulatory account in section 18B.05.

Sec. 9. Minnesota Statutes 2012, section 18B.04, is amended to read:

18B.04 PESTICIDE IMPACT ON ENVIRONMENT.

(a) The commissioner shall:

(1) determine the impact of pesticides on the environment, including the impacts on surface water and groundwater in this state;

(2) develop best management practices involving pesticide distribution, storage, handling, use, and disposal; and

(3) cooperate with and assist other state agencies and local governments to protect public health, pollinators, and the environment from harmful exposure to pesticides.

(b) The commissioner may assemble a pollinator emergency response team of experts under section 16C.10, subdivision 2, to consult in the investigation of pollinator deaths or illnesses. The

pollinator emergency response team may include representatives from local, state, and federal agencies; academia, including the University of Minnesota; or other professionals as deemed necessary by the commissioner.

Sec. 10. [18B.055] COMPENSATION FOR BEES KILLED BY PESTICIDE; APPROPRIATION.

Subdivision 1. **Compensation required.** (a) The commissioner of agriculture must compensate a person for an acute pesticide poisoning resulting in the death of bees or loss of bee colonies owned by the person, provided:

- (1) the person who applied the pesticide cannot be determined;
- (2) the person who applied the pesticide did so in a manner consistent with the pesticide product's label or labeling; or
- (3) the person who applied the pesticide did so in a manner inconsistent with the pesticide product's label or labeling.

(b) Except as provided in this section, the bee owner is entitled to the fair market value of the dead bees and bee colonies losses as determined by the commissioner upon recommendation by academic experts and bee keepers. In any fiscal year, a bee owner must not be compensated for a claim that is less than \$100 or compensated more than \$20,000 for all eligible claims.

(c) To be eligible for compensation under this section, the bee owner must be registered with a commonly utilized pesticide registry program, as designated by the commissioner of agriculture.

Subd. 2. **Applicator responsible.** In the event a person applies a pesticide in a manner inconsistent with the pesticide product's label or labeling requirements as approved by the commissioner and is determined to have caused the acute pesticide poisoning of bees, resulting in death or loss of a bee colony kept for commercial purposes, then the person so identified must bear the responsibility of restitution for the value of the bees to the owner. In these cases the commissioner must not provide compensation as provided in this section.

Subd. 3. **Claim form.** The bee owner must file a claim on forms provided by the commissioner and available on the Department of Agriculture's Web site.

Subd. 4. **Determination.** The commissioner must determine whether the death of the bees or loss of bee colonies was caused by an acute pesticide poisoning, whether the pesticide applicator can be determined, and whether the pesticide applicator applied the pesticide product in a manner consistent with the pesticide product's label or labeling.

Subd. 5. **Payments; denial of compensation.** (a) If the commissioner determines the bee death or loss of bee colony was caused by an acute pesticide poisoning and either the pesticide applicator cannot be determined or the pesticide applicator applied the pesticide product in a manner consistent with the pesticide product's label or labeling, the commissioner may award compensation from the pesticide regulatory account. If the pesticide applicator can be determined and the applicator applied the pesticide product in a manner inconsistent with the product's label or labeling, the commissioner may collect a penalty from the pesticide applicator sufficient to compensate the bee owner for the fair market value of the dead bees and bee colonies losses, and must award the money to the bee owner.

(b) If the commissioner denies compensation claimed by a bee owner under this section, the commissioner must issue a written decision based upon the available evidence. The decision must include specification of the facts upon which the decision is based and the conclusions on the material issues of the claim. The commissioner must mail a copy of the decision to the bee owner.

(c) A decision to deny compensation claimed under this section is not subject to the contested case review procedures of chapter 14, but may be reviewed upon a trial de novo in a court in the county where the loss occurred. The decision of the court may be appealed as in other civil cases. Review in court may be obtained by filing a petition for review with the administrator of the court within 60 days following receipt of a decision under this section. Upon the filing of a petition, the administrator must mail a copy to the commissioner and set a time for hearing within 90 days of the filing.

Subd. 6. **Deduction from payment.** The commissioner must reduce payments made under this section by any compensation received by the bee owner for dead bees and bee colonies losses as proceeds from an insurance policy or from another source.

Subd. 7. **Appropriation.** The amount necessary to pay claims under this section, not to exceed \$150,000 per fiscal year, is appropriated from the pesticide regulatory account in section 18B.05.

Sec. 11. Minnesota Statutes 2012, section 85.34, subdivision 7, is amended to read:

Subd. 7. **Disposition of proceeds.** (a) All revenue derived from the lease of the Fort Snelling upper bluff, with the exception of payment for costs of the water line as described in subdivision 6, shall be deposited in the natural resources fund and credited to a state park account. Interest earned on the money in the account accrues to the account.

(b) Revenue and expenses from the upper bluff shall be tracked separately within the account. Money in the account derived from the leasing or operation of the property described in subdivision 1 may be is appropriated annually to the commissioner for the payment of expenses attributable to the leasing, development, and operation of the property described in subdivision 1, including, but not limited to, the maintenance, repair, and rehabilitation of historic buildings and landscapes.

Sec. 12. Minnesota Statutes 2012, section 85A.02, subdivision 2, is amended to read:

Subd. 2. **Zoological Garden.** The board shall acquire, construct, equip, operate and maintain the Minnesota Zoological Garden at a site in Dakota County legally described in Laws 1975, chapter 382, section 12. The Zoological Garden shall consist of adequate facilities and structures for the collection, habitation, preservation, care, exhibition, examination or study of wild and domestic animals, including, but not limited to mammals, birds, fish, amphibians, reptiles, crustaceans and mollusks. The board may provide such lands, buildings and equipment as it deems necessary for parking, transportation, entertainment, education or instruction of the public in connection with such Zoological Garden. The Zoological Garden is the official pollinator bank for the state of Minnesota. For purposes of this subdivision, "pollinator bank" means a program to avert the extinction of pollinator species by cultivating insurance breeding populations.

Sec. 13. [87A.10] **SHOOTING SPORTS FACILITY GRANTS.**

The commissioner of natural resources shall administer a program to provide cost-share grants to local recreational shooting clubs for up to 50 percent of the costs of developing or rehabilitating shooting sports facilities for public use. A facility rehabilitated or developed with a grant under this

section must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. The commissioner shall give preference to projects that will provide the most opportunities for youth.

Sec. 14. [92.83] CONDEMNATION OF SCHOOL TRUST LAND.

Subdivision 1. **Purpose.** The purpose of this section is to extinguish the school trust interest in school trust lands where long-term economic return is prohibited by designation or policy while producing economic benefits for Minnesota's public schools. For the purposes of satisfying the Minnesota Constitution, article XI, section 8, which limits the sale of school trust lands to a public sale, the commissioner of natural resources shall acquire school trust lands through condemnation, as provided in subdivision 2.

Subd. 2. **Commencement of condemnation proceedings.** When the commissioner of natural resources has determined sufficient money is available to acquire any of the lands identified under section 84.027, subdivision 18, paragraph (c), the commissioner shall proceed to extinguish the school trust interest by condemnation action. When requested by the commissioner, the attorney general shall commence condemnation of the identified school trust lands.

Subd. 3. **Payment.** The portion of the payment of the award and judgment that is for the value of the land shall be deposited into the permanent school fund. The remainder of the award and judgment payment shall first be remitted for reimbursement to the accounts from which expenses were paid, with any remainder deposited into the permanent school fund.

Sec. 15. Minnesota Statutes 2012, section 93.22, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) All payments under sections 93.14 to 93.285 shall be made to the Department of Natural Resources and shall be credited according to this section.

(b) ~~Twenty~~ Ten percent of all payments under sections 93.14 to 93.285 shall be credited to the minerals management account in the natural resources fund as costs for the administration and management of state mineral resources by the commissioner of natural resources.

(c) The remainder of the payments shall be credited as follows:

(1) if the lands or minerals and mineral rights covered by a lease are held by the state by virtue of an act of Congress, payments made under the lease shall be credited to the permanent fund of the class of land to which the leased premises belong;

(2) if a lease covers the bed of navigable waters, payments made under the lease shall be credited to the permanent school fund of the state;

(3) if the lands or minerals and mineral rights covered by a lease are held by the state in trust for the taxing districts, payments made under the lease shall be distributed annually on the first day of September to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town or city, two-ninths; and school district, four-ninths;

(4) if the lands or mineral rights covered by a lease became the absolute property of the state under the provisions of chapter 84A, payments made under the lease shall be distributed as follows: county containing the land from which the income was derived, five-eighths; and general fund of the state, three-eighths; and

(5) except as provided under this section and except where the disposition of payments may be otherwise directed by law, payments made under a lease shall be paid into the general fund of the state.

Sec. 16. Minnesota Statutes 2012, section 93.2236, is amended to read:

93.2236 MINERALS MANAGEMENT ACCOUNT.

(a) The minerals management account is created as an account in the natural resources fund. Interest earned on money in the account accrues to the account. Money in the account may be spent or distributed only as provided in paragraphs (b) and (c).

(b) If the balance in the minerals management account exceeds ~~\$3,000,000~~ \$1,500,000 on June 30, the amount exceeding ~~\$3,000,000~~ \$1,500,000 must be distributed to the permanent school fund, the permanent university fund, and taxing districts as provided in section 93.22, subdivision 1, paragraph (c). The amount distributed to each fund must be in the same proportion as the total mineral lease revenue received in the previous biennium from school trust lands, university lands, and lands held by the state in trust for taxing districts.

(c) Subject to appropriation by the legislature, money in the minerals management account may be spent by the commissioner of natural resources for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Sec. 17. Minnesota Statutes 2012, section 103G.251, is amended to read:

103G.251 INVESTIGATION OF ACTIVITIES ~~WITHOUT PERMIT~~ AFFECTING WATERS OF THE STATE.

Subdivision 1. **Investigations.** If the commissioner determines that an investigation is in the public interest, the commissioner may investigate and monitor activities being conducted with or without a permit that may affect waters of the state.

Subd. 2. **Findings and order.** (a) With or without a public hearing, the commissioner may make findings and issue orders related to activities being conducted without a permit that affect waters of the state as otherwise authorized under this chapter.

(b) A copy of the findings and order must be served on the person to whom the order is issued.

(c) If the commissioner issues the findings and order without a hearing, the person to whom the order is issued may file a demand for a hearing with the commissioner. The demand for a hearing must be accompanied by the bond as provided in section 103G.311, subdivision 6, and the hearing must be held in the same manner and with the same requirements as a hearing held under section 103G.311, subdivision 5. The demand for a hearing and bond must be filed by 30 days after the person is served with a copy of the commissioner's order.

(d) The hearing must be conducted as a contested case hearing under chapter 14.

(e) If the person to whom the order is addressed does not demand a hearing or demands a hearing but fails to file the required bond:

(1) the commissioner's order becomes final at the end of 30 days after the person is served with the order; and

(2) the person may not appeal the order.

(f) An order of the commissioner may be recorded or filed by the commissioner in the office of the county recorder or registrar of titles, as appropriate, in the county where the real property is located as a deed restriction on the property that runs with the land and is binding on the owners, successors, and assigns until the conditions of the order are met or the order is rescinded.

Sec. 18. Minnesota Statutes 2012, section 103G.271, subdivision 5, is amended to read:

Subd. 5. **Prohibition on once-through water use permits.** (a) Except as provided in paragraph (c), the commissioner may not, ~~after December 31, 1990,~~ issue a water use permit to increase the volume of appropriation from a groundwater source for a once-through cooling system ~~using in excess of 5,000,000 gallons annually.~~

(b) Except as provided in paragraph (c), once-through system water use permits using in excess of 5,000,000 gallons annually; ~~must be terminated by the commissioner by the end of their design life but not later than December 31, 2010,~~ unless the discharge is into a public water basin within a nature preserve approved by the commissioner and established prior to January 1, 2001. Existing once-through systems must not be expanded and are required to convert to water efficient alternatives within the design life of existing equipment.

(c) Notwithstanding paragraphs (a) and (b), the commissioner, with the approval of the commissioners of health and the Pollution Control Agency, may issue once-through system water use permits on an annual basis for aquifer storage and recovery systems that return all once-through system water to the source aquifer. Water use permit processing fees in subdivision 6, paragraph (a), apply to all water withdrawals under this paragraph, including any reuse of water returned to the source aquifer.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 19. Minnesota Statutes 2012, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs (b) to ~~(f)~~ (g), a water use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. Fees collected under this paragraph are credited to the water management account in the natural resources fund. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

- (1) \$140 for amounts not exceeding 50,000,000 gallons per year;
- (2) \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;
- (3) \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;
- (4) \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;
- (5) \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;
- (6) \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;

(9) \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, \$200 per 1,000,000 gallons; and

(2) for all other users, \$420 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed \$250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) \$60,000 per year for an entity holding three or fewer permits;

(ii) \$90,000 per year for an entity holding four or five permits; or

(iii) \$300,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of ~~two~~ ten percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) The commissioner shall waive the water use permit fee for installations and projects that use storm water runoff or where public entities are diverting water to treat a water quality issue and returning the water to its source without using the water for any other purpose, unless the commissioner determines that the proposed use adversely affects surface water or groundwater to a significant extent.

(g) (h) A surcharge of \$30 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 20. Minnesota Statutes 2012, section 103G.281, is amended by adding a subdivision to read:

Subd. 4. **Penalty for noncompliant reporting.** The commissioner may assess penalties for noncompliant reporting of water use information as provided in this section. The penalty is ten percent of the annual water use permit processing fee.

Sec. 21. **[103G.299] ADMINISTRATIVE PENALTIES.**

Subdivision 1. **Authority to issue penalty orders.** (a) As provided in paragraph (b), the commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of sections 103G.271 and 103G.275, and any rules adopted under those sections.

(b) An order under this section may be issued to a person for water appropriation activities without a required permit.

(c) The order must be issued as provided in this section and in accordance with the plan prepared under subdivision 12.

Subd. 2. **Amount of penalty; considerations.** (a) The commissioner may issue orders assessing administrative penalties based on potential for harm and deviation from compliance. For a violation that presents: (1) a minor potential for harm and deviation from compliance, the penalty will be no more than \$1,000; (2) a moderate potential for harm and deviation from compliance, the penalty will be no more than \$10,000; and (3) a severe potential for harm and deviation from compliance, the penalty will be no more than \$20,000.

(b) In determining the amount of a penalty the commissioner may consider:

(1) the gravity of the violation, including potential for, or real, damage to the public interest or natural resources of the state;

(2) the history of past violations;

(3) the number of violations;

(4) the economic benefit gained by the person by allowing or committing the violation based on data from local or state bureaus or educational institutions; and

(5) other factors as justice may require, if the commissioner specifically identifies the additional factors in the commissioner's order.

(c) For a violation after an initial violation, including a continuation of the initial violation, the commissioner must, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

- (1) similarity of the most recent previous violation and the violation to be penalized;
- (2) time elapsed since the last violation;
- (3) number of previous violations; and
- (4) response of the person to the most recent previous violation identified.

Subd. 3. **Contents of order.** An order assessing an administrative penalty under this section must include:

- (1) a concise statement of the facts alleged to constitute a violation;
- (2) a reference to the section of the statute, rule, order, or term or condition of a permit that has been violated;
- (3) a statement of the amount of the administrative penalty to be imposed and the factors upon which the penalty is based; and
- (4) a statement of the person's right to review of the order.

Subd. 4. **Corrective order.** (a) The commissioner may issue an order assessing a penalty and requiring the violations cited in the order to be corrected within a time period specified by the commissioner.

(b) The person to whom the order was issued must provide information to the commissioner before the 31st day after the order was received demonstrating that the violation has been corrected or that appropriate steps toward correcting the violation have been taken.

(c) The commissioner must determine whether the violation has been corrected and notify the person subject to the order of the commissioner's determination.

Subd. 5. **Penalty.** (a) Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's determination under subdivision 4, paragraph (c), if the person subject to the order has provided information to the commissioner that the commissioner determines is not sufficient to show that the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) The penalty is due by 31 days after the order was received, unless review of the order under subdivision 6 or 7 has been sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty was received.

Subd. 6. **Expedited administrative hearing.** (a) Within 30 days after receiving an order or within 20 days after receiving notice that the commissioner has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may request an expedited hearing, using the procedures under Minnesota Rules, parts 1400.8510 to 1400.8612, to review the commissioner's determination. The hearing request must specifically state the reasons for seeking review of the order. The person to whom the order is directed and the commissioner are the parties to the expedited hearing. The commissioner must notify the person to whom the order is directed of the time and place of the hearing at least 20 days before the hearing. The expedited hearing must be held within 30 days after a request for hearing has been filed with the commissioner unless the parties agree to a later date.

(b) All written arguments must be submitted within ten days following the close of the hearing. The hearing must be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision.

(c) The administrative law judge must issue a report making recommendations about the commissioner's action to the commissioner within 30 days following the close of the record. The administrative law judge may not recommend a change in the amount of the proposed penalty unless the administrative law judge determines that, based on the factors in subdivision 2, the amount of the penalty is unreasonable.

(d) If the administrative law judge makes a finding that the hearing was requested solely for purposes of delay or that the hearing request was frivolous, the commissioner may add to the amount of the penalty the costs charged to the department by the Office of Administrative Hearings for the hearing.

(e) If a hearing has been held, the commissioner may not issue a final order until at least five days after receipt of the report of the administrative law judge. The person to whom an order is issued may, within those five days, comment to the commissioner on the recommendations, and the commissioner must consider the comments. The final order may be appealed in the manner provided in sections 14.63 to 14.69.

(f) If a hearing has been held and a final order issued by the commissioner, the penalty must be paid by 30 days after the date the final order is received unless review of the final order is requested under sections 14.63 to 14.69. If review is not requested or the order is reviewed and upheld, the amount due is the penalty, together with interest accruing from 31 days after the original order was received at the rate established in section 549.09.

Subd. 7. **Mediation.** In addition to review under subdivision 6, the commissioner may enter into mediation concerning an order issued under this section if the commissioner and the person to whom the order is issued both agree to mediation.

Subd. 8. **Penalties due and payable.** The commissioner may enforce penalties that are due and payable under this section in any manner provided by law for the collection of debts.

Subd. 9. **Revocation and suspension of permit.** If a person fails to pay a penalty owed under this section, the commissioner has grounds to revoke a permit or to refuse to amend a permit or issue a new permit.

Subd. 10. **Cumulative remedy.** The authority of the commissioner to issue a corrective order assessing penalties is in addition to other remedies available under statutory or common law, except that the state may not seek civil penalties under any other provision of law for the violations covered by the administrative penalty order. The payment of a penalty does not preclude the use of other enforcement provisions, under which penalties are not assessed, in connection with the violation for which the penalty was assessed.

Subd. 11. **Deposit of fees.** Fees collected under this section must be credited to the water management account in the natural resources fund.

Subd. 12. **Plan for use of administrative penalties.** The commissioner must prepare a plan for using the administrative penalty authority in this section. The plan must include explanations for how the commissioner will determine whether violations are minor, moderate, or severe. The commissioner must provide a 30-day period for public comment on the plan. The plan must be finalized within six months after the effective date of this section.

Sec. 22. Minnesota Statutes 2013 Supplement, section 116V.03, is amended to read:

116V.03 APPROPRIATION.

\$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the general fund to ~~the commissioner of revenue for transfer to the agricultural project utilization account in the special revenue fund~~ for the Agricultural Utilization Research Institute established under section 116V.01.

Sec. 23. Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended by Laws 2009, chapter 37, article 1, section 61, is amended to read:

Subd. 7. **Fish and Wildlife Management** 123,000 119,000

Appropriations by Fund

General	-0-	(427,000)
Game and Fish	123,000	546,000

\$329,000 in 2009 is a reduction for fish and wildlife management.

\$46,000 in 2009 is a reduction in the appropriation for the Minnesota Shooting Sports Education Center.

\$52,000 in 2009 is a reduction for licensing.

\$123,000 in 2008 and \$246,000 in 2009 are from the game and fish fund to implement fish virus surveillance, prepare infrastructure to handle possible outbreaks, and implement control procedures for highest risk waters and fish production operations. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 297A.94, paragraph (e), \$300,000 in 2009 is from the second year appropriation in Laws 2007, chapter 57, article 1, section 4, subdivision 7, from the heritage enhancement account in the game and fish fund for shooting sports facilities and hunter education. Of this amount, \$200,000 is to study, predesign, and design a shooting sports facility in the seven-county metropolitan area and to establish basic hunter education, firearms safety, and archery ranges on public land, and \$100,000 is for a grant to the Itasca County Gun Club for shooting sports facility improvements. This is available onetime only and is available until expended.

\$300,000 in 2009 is appropriated from the game and fish fund for only activities that improve, enhance, or protect fish and wildlife resources. This is a onetime appropriation.

Sec. 24. Laws 2013, chapter 114, article 4, section 47, is amended by adding an effective date to read:

EFFECTIVE DATE. This section is effective June 1, 2013.

EFFECTIVE DATE. This section is effective retroactively from June 1, 2013.

Sec. 25. **BEE VALUATION PROTOCOL REQUIRED.**

No later than January 1, 2015, the commissioner of agriculture must report to the house of representatives and senate committees with jurisdiction over agriculture finance the protocol that the commissioner developed, in consultation with experts, for determining the fair market value of bees, hives, colonies, apiaries, and queen apiaries for purposes of compensation under Minnesota Statutes, section 18B.055.

ARTICLE 10

ECONOMIC DEVELOPMENT AND COMMERCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2014</u>		<u>2015</u>		<u>Total</u>
General	\$	(350,000)	\$	17,192,000	\$	16,842,000
Workforce Development		-0-		2,392,000		2,392,000
Total	\$	(350,000)	\$	19,584,000	\$	19,234,000

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2013, chapter 85, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2014 **2015**

Sec. 3. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>16,259,000</u>
---	-----------	------------	-----------	-------------------

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>13,867,000</u>
<u>Workforce Development</u>	<u>-0-</u>	<u>2,392,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Business and Community Development</u>		<u>-0-</u>	<u>\$</u>	<u>12,950,000</u>
--	--	------------	-----------	-------------------

\$2,400,000 in 2015 is for grants to the six Minnesota regional initiative foundations for business revolving loans or other lending programs. This is a onetime appropriation and is available until expended.

\$4,500,000 in 2015 is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431, for grants to design, construct, prepare, and improve infrastructure for economic development for the cities of Thief River Falls, Eveleth, Alexandria, Virginia, and Hibbing. This is a onetime appropriation and is available until expended.

\$450,000 in 2015 is for grants to small business development centers under Minnesota Statutes, section 116J.68. This is a onetime appropriation and is available until expended.

\$450,000 in 2015 is for a grant to the neighborhood development center for the small business incubators program. Of this amount, \$200,000 is for capital improvements to existing small businesses; \$150,000 is for technical assistance to business entities operating within a small business incubator; and \$100,000 is for the creation and operation of a small business incubator revolving loan fund. This is a onetime appropriation and is available until expended.

\$150,000 in 2015 is for a grant to the city of Proctor to design and construct a sand and salt storage facility to prevent runoff into surface water. This appropriation is not available until the commissioner determines that at least an equal amount is committed to the project from nonstate sources.

\$5,000,000 in 2015 is for the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This is a onetime appropriation.

Subd. 3. Workforce Development

-0-

1,200,000

\$350,000 in 2015 is from the workforce development fund for a grant to the Northwest Indian Opportunities Industrialization Center and may be used for a green jobs deconstruction pilot program. This is a onetime appropriation and is available until expended.

\$250,000 in 2015 is from the workforce development fund for a grant to the Northeast Minnesota Office of Job Training. This is a onetime appropriation and is available until expended.

\$600,000 in 2015 is from the workforce development fund for a grant to the Twin Cities RISE! to provide job training. This is

a onetime appropriation and is available until expended.

Subd. 4. General Support Services **-0-** **500,000**

\$500,000 in 2015 is for establishing and operating the interagency Olmstead Implementation Office. The base appropriation for the interagency office in fiscal year 2016 and later is \$1,000,000 each year.

Subd. 5. Vocational Rehabilitation **-0-** **1,609,000**

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>417,000</u>
<u>Workforce Development</u>	<u>-0-</u>	<u>1,192,000</u>

\$417,000 in 2015 from the general fund and \$500,000 in 2015 from the workforce development fund are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. This is a onetime appropriation and is available until expended.

\$692,000 in 2015 from the workforce development fund is for grants to the eight Minnesota Centers for Independent Living for employment and job training support services. This is a onetime appropriation and is available until expended.

Sec. 4. HOUSING FINANCE AGENCY **\$** **-0-** **\$** **3,100,000**

\$3,100,000 in 2015 is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33, for targeted housing for rural comprehensive or technical colleges that offer natural resources or aviation maintenance programs and are located in communities or regions with low housing vacancy rates. This is a onetime appropriation and is available until expended.

Sec. 5. BUREAU OF MEDIATION SERVICES **\$** **-0-** **\$** **125,000**

\$125,000 in 2015 is for the Public Employment Relations Board.

Sec. 6. **EXPLORE MINNESOTA TOURISM** \$ -0- \$ 100,000

\$100,000 in 2015 is for a grant to the Mille Lacs Tourism Council to enhance marketing activities related to tourism promotion in the Mille Lacs Lake area. This is a onetime appropriation.

Sec. 7. **DEPARTMENT OF COMMERCE** \$ (350,000) \$ -0-

\$350,000 in 2014 is a onetime reduction to the appropriation for the gold bullion dealer registration program.

Sec. 8. **TRANSFER.**

By June 30, 2015, the commissioner of management and budget shall transfer \$9,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Sec. 9. Laws 2013, chapter 85, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development** 53,642,000 45,407,000

Appropriations by Fund

General	52,942,000	44,707,000
Remediation	700,000	700,000

(a)(1) \$15,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. This appropriation is available until spent.

(2) Of the amount available under clause (1), up to \$3,000,000 in fiscal year 2014 is for a loan to facilitate initial investment in the purchase and operation of a biopharmaceutical manufacturing facility. This loan is not subject to the loan limitations under Minnesota Statutes, section 116J.8731, and shall be forgiven by the commissioner of employment and economic development upon verification of meeting performance goals. Purchases related to and for the purposes of this loan award must be made between January 1, 2013, and June 30, 2015.

The amount under this clause is available until expended.

(3) Of the amount available under clause (1), up to \$2,000,000 is available for subsequent investment in the biopharmaceutical facility project in clause (2). The amount under this clause is available until expended. Loan thresholds under clause (2) must be achieved and maintained to receive funding. Loans are not subject to the loan limitations under Minnesota Statutes, section 116J.8731, and shall be forgiven by the commissioner of employment and economic development upon verification of meeting performance goals. Purchases related to and for the purposes of loan awards must be made during the biennium the loan was received.

(4) Notwithstanding any law to the contrary, the biopharmaceutical manufacturing facility in this paragraph shall be deemed eligible for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748, by having at least \$25,000,000 in capital investment and 190 retained employees.

(5) For purposes of clauses (1) to (4), "biopharmaceutical" and "biologics" are interchangeable and mean medical drugs or medicinal preparations produced using technology that uses biological systems, living organisms, or derivatives of living organisms, to make or modify products or processes for specific use. The medical drugs or medicinal preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

(b) \$12,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until spent. The base funding for this program shall be \$12,500,000 each year in the fiscal year 2016-2017 biennium.

(c) \$1,272,000 each year is from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) \$1,425,000 the first year and \$1,425,000 the second year are from the general fund for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$4,195,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(g) \$6,000,000 the first year is from the general fund for the redevelopment program under Minnesota Statutes, section 116J.571. This is a onetime appropriation and is available until spent.

(h) \$12,000 each year is from the general fund for a grant to the Upper Minnesota Film Office.

(i) \$325,000 each year is from the general fund for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July

l even if the required matching contribution has not been received by that date.

(j) \$100,000 each year is for a grant to the Northern Lights International Music Festival.

(k) \$5,000,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended. The base funding for this program shall be \$1,500,000 each year in the fiscal year 2016-2017 biennium.

(l) \$375,000 each year is from the general fund for a grant to Enterprise Minnesota, Inc., for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(m) \$160,000 each year is from the general fund for a grant to develop and implement a southern and southwestern Minnesota initiative foundation collaborative pilot project. Funds available under this paragraph must be used to support and develop entrepreneurs in diverse populations in southern and southwestern Minnesota. This is a onetime appropriation and is available until expended.

(n) \$100,000 each year is from the general fund for the Center for Rural Policy and Development. This is a onetime appropriation.

(o) \$250,000 each year is from the general fund for the Broadband Development Office.

(p) \$250,000 the first year is from the general fund for a onetime grant to the St. Paul Planning and Economic Development Department for neighborhood stabilization use in NSP3.

(q) \$1,235,000 the first year is from the general fund for a onetime grant to a city of the second class that is designated as an economically depressed area by the United States Department of Commerce. The

appropriation is for economic development, redevelopment, and job creation programs and projects. This appropriation is available until expended.

(r) \$875,000 each year is from the general fund for the Host Community Economic Development Program established in Minnesota Statutes, section 116J.548.

(s) \$750,000 the first year is from the general fund for a onetime grant to the city of Morris for loans or grants to agricultural processing facilities for energy efficiency improvements. Funds available under this section shall be used to increase conservation and promote energy efficiency through retrofitting existing systems and installing new systems to recover waste heat from industrial processes and reuse energy. This appropriation is not available until the commissioner determines that at least ~~\$1,250,000~~ a match of \$750,000 is committed to the project from nonpublic sources. This appropriation is available until expended.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 10. Laws 2013, chapter 85, article 1, section 3, subdivision 6, is amended to read:

Subd. 6. Vocational Rehabilitation		27,691,000	27,691,000
	Appropriations by Fund		
General	20,861,000	20,861,000	
Workforce Development	6,830,000	6,830,000	

(a) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$5,745,000 each year from the general fund and \$6,830,000 each year from the workforce development fund is for extended employment services for persons with

severe disabilities under Minnesota Statutes, section 268A.15. The allocation of extended employment funds to Courage Center from July 1, 2012 to June 30, 2013 must be contracted to Allina Health systems from July 1, 2013 to June 30, ~~2014~~ 2015 to provide extended employment services in accordance with Minnesota Rules, parts 3300.2005 to 3300.2055.

(d) \$2,055,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. The base appropriation for this program is \$1,555,000 each year in the fiscal year 2016-2017 biennium.

Sec. 11. ALTERNATIVE ENERGY PROJECTS.

The amounts appropriated under Laws 2009, chapter 78, article 1, section 3, subdivision 2, as amended, may be used for grants or loans to manufacturers of bio-based products.

Sec. 12. MINNESOTA MINERALS 21ST CENTURY FUND TRANSFER.

(a) If, on the basis of a November forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted general fund balance at the close of the biennium and that the provisions of Minnesota Statutes, section 16A.152, subdivision 1b, paragraph (b), and subdivision 2, clauses (1), (2), (3), and (4), are satisfied, the commissioner shall transfer from the general fund to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423, an amount not to exceed 20 percent of the positive unrestricted general fund balance determined in the forecast. The total amount authorized under this section, for all transfers, must not exceed \$19,100,000.

(b) This section is repealed the day following the transfer in which the total amount transferred under this section to the Minnesota minerals 21st century fund is \$19,100,000.

EFFECTIVE DATE. This section is effective for November forecasts issued following final enactment.

ARTICLE 11

**ECONOMIC DEVELOPMENT AND COMMERCE
FISCAL IMPLEMENTATION PROVISIONS**

Section 1. Minnesota Statutes 2012, section 116J.8731, subdivision 5, is amended to read:

Subd. 5. **Grant limits.** A Minnesota investment fund grant may not be approved for an amount in excess of \$1,000,000. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. ~~A local community or recognized Indian tribal government may retain 20 percent, but not more than \$100,000~~ The portion

of a Minnesota investment fund grant that exceeds \$100,000 must be repaid to the state when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state must be credited to a Minnesota investment revolving loan account in the state treasury. Funds in the account are appropriated to the commissioner and must be used in the same manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the state through existing Minnesota investment fund agreements must be credited to the Minnesota investment revolving loan account effective July 1, 2005. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

Sec. 2. Minnesota Statutes 2012, section 216B.16, is amended by adding a subdivision to read:

Subd. 6e. **Revenue allocation among customer classes.** (a) This subdivision applies only to investor-owned electric utilities that have at least 50,000 retail electric customers, but no more than 200,000 retail electric customers.

(b) For all rate change notification filings made prior to January 1, 2019, cost of service shall be the primary consideration in the commission's determination of revenue allocation among customer classes. The commission's discretion to deviate from cost of service and consider factors other than cost of service when it determines revenue allocation among customer classes is limited to the following parameters:

(1) no deviations of more than four percent for all filings made after January 1, 2015; and

(2) no deviations of more than two percent for all filings made after January 1, 2017. Revenue allocation among customer classes that deviates from the cost of service must be supported by a preponderance of the evidence.

(c) For all filings made on or after January 1, 2019, cost of service shall be the only consideration in the commission's determination of revenue allocation among customer classes.

(d) At least 60 days prior to its next general rate proceeding, a utility subject to this subdivision shall meet with interested stakeholders to explore the possibility of expanding or increasing access to electric affordability programs for low-income customers.

(e) Upon the filing of a general rate case by a utility subject to this subdivision in which the filing utility seeks to impose rates based on cost of service, the filing utility must deposit \$10,000 into an account devoted to funding a program approved by the commission under section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the commission-approved affordability program.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a general rate change filed on or after that date.

Sec. 3. Minnesota Statutes 2012, section 216B.1611, is amended by adding a subdivision to read:

Subd. 3a. **Project information.** (a) Beginning July 1, 2014, each electric utility shall request an applicant for interconnection of distributed renewable energy generation to provide the following information, in a format prescribed by the commissioner:

- (1) the nameplate capacity of the facility in the application;
- (2) the total preincentive installed cost of the generation system at the facility;
- (3) the energy source of the facility; and
- (4) the zip code in which the facility is to be located.

(b) The commissioner shall develop or identify a system to collect and process the information under this subdivision from each utility, and make nonproject-specific data available to the public on a periodic basis as determined by the commissioner, and in a format determined by the commissioner. The commissioner may solicit proposals from outside parties to develop the system.

(c) Electric utilities collecting and transferring data under this subdivision are not responsible for the accuracy, completeness, or quality of the information under this subdivision.

(d) Any information under this subdivision is nonpublic, until it is made public by the commissioner as provided under paragraph (b) of this subdivision.

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

Sec. 4. Minnesota Statutes 2012, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to ~~\$800,000 annually until June 30, 2009, and \$450,000~~ \$850,000 annually thereafter for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2017, and may be used for no more than three annual assessments occurring prior to that date.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to assessments made after June 30, 2014.

Sec. 5. Minnesota Statutes 2012, section 216C.145, is amended to read:

216C.145 MICROENERGY COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN PROGRAM.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "~~Small-scale Renewable~~ Community energy efficiency and renewable energy" projects include solar thermal water heating, solar electric or photovoltaic equipment, small wind energy conversion systems of less than 250 kW, anaerobic digester gas systems, microhydro systems up to 100 kW, ~~and heating and cooling applications using geothermal energy~~ solar thermal or ground source technology, and industrial, commercial, or public energy efficiency projects.

(c) "Unit of local government" means any home rule charter or statutory city, county, commission, district, authority, or other political subdivision or instrumentality of this state, including a sanitary district, park district, the Metropolitan Council, a port authority, an economic development authority, or a housing and redevelopment authority.

Subd. 2. **Program established.** The commissioner of commerce shall develop, implement, and administer a microenergy community energy efficiency and renewable energy loan program under this section.

Subd. 3. **Loan purposes.** (a) The commissioner may issue low-interest, long-term loans to units of local government to (1) finance community-owned or publicly owned ~~small-scale~~ renewable energy systems or to cost-effective energy efficiency improvements to public buildings, (2) provide loans or other aids to small businesses to install ~~small-scale~~ renewable energy systems, or (3) provide loans or other aids to industrial or commercial businesses, including health care facilities, for cost-effective energy efficiency projects or to install renewable energy systems.

(b) The commissioner may participate in loans made by the Housing Finance Agency to residential property owners, private developers, nonprofit organizations, or units of local government under sections 462A.05, subdivisions 14 and 18; and 462A.33 for the construction, purchase, or rehabilitation of residential housing to facilitate the installation of ~~small-scale~~ renewable energy systems in residential housing and cost-effective energy conservation improvements identified in an energy efficiency audit. The commissioner shall assist the Housing Finance Agency in assessing the technical qualifications of loan applicants.

(c) A local unit of government shall not require an industrial customer to release its energy usage data as part of a community energy efficiency project or loan under this section. Industrial energy usage data may only be released upon the express, written consent of the industrial customer.

Subd. 4. **Technical standards.** The commissioner shall determine technical standards for ~~small-scale renewable energy systems~~ community energy efficiency and renewable energy projects to qualify for loans under this section. The commissioner shall not condition qualification of a community energy efficiency project for a loan under this section on the production of industrial energy usage data or aggregation of energy usage data that includes an industrial customer.

Subd. 5. **Loan proposals.** (a) At least once a year, the commissioner shall publish in the State Register a request for proposals from units of local government for a loan under this section. Within 45 days after the deadline for receipt of proposals, the commissioner shall select proposals based on the following criteria:

(1) the reliability and cost-effectiveness of the renewable or energy efficiency technology to be installed under the proposal;

(2) the extent to which the proposal effectively integrates with the conservation and energy efficiency programs or goals of the energy utilities serving the proposer;

(3) the total life cycle energy use and greenhouse gas emissions reductions per dollar of installed cost;

(4) the diversity of the renewable energy or energy efficiency technology installed under the proposal;

(5) the geographic distribution of projects throughout the state;

(6) the percentage of total project cost requested;

(7) the proposed security for payback of the loan; and

(8) other criteria the commissioner may determine to be necessary and appropriate.

Subd. 6. **Loan terms.** A loan under this section must be issued at the lowest interest rate required to recover principal and interest plus the costs of issuing the loan, and must be for a minimum of 15 years, unless the commissioner determines that a shorter loan period of no less than ~~ten~~ five years is necessary and feasible.

Subd. 7. **Account.** A ~~microenergy~~ community energy efficiency and renewable energy loan account is established in the state treasury. Money in the account consists of the proceeds of revenue bonds issued under section 216C.146, interest and other earnings on money in the account, money received in repayment of loans from the account, legislative appropriations, and money from any other source credited to the account.

Subd. 8. **Appropriation.** Money in the account is appropriated to the commissioner of commerce to make ~~microenergy~~ community energy efficiency and renewable energy loans under this section and to the commissioner of management and budget to pay debt service and other costs under section 216C.146. Payment of debt service costs and funding reserves take priority over use of money in the account for any other purpose.

Sec. 6. Minnesota Statutes 2012, section 216C.146, is amended to read:

216C.146 MICROENERGY COMMUNITY ENERGY EFFICIENCY AND RENEWABLE ENERGY LOAN REVENUE BONDS.

Subdivision 1. **Bonding authority; definition.** (a) The commissioner of management and budget, if requested by the commissioner of commerce, shall sell and issue state revenue bonds for the following purposes:

(1) to make ~~microenergy~~ community energy efficiency and renewable energy loans under section 216C.145;

(2) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements, and to fund reserves; and

(3) to refund bonds issued under this section.

(b) The aggregate principal amount of bonds for the purposes of paragraph (a), clause (1), that may be outstanding at any time may not exceed \$100,000,000, of which up to \$20,000,000 shall be reserved for business and public entity projects; the principal amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

(c) For the purpose of this section, "commissioner" means the commissioner of management and budget.

Subd. 2. **Procedure.** The commissioner may sell and issue the bonds on the terms and conditions the commissioner determines to be in the best interests of the state. The bonds may be sold at public or private sale. The commissioner may enter into any agreements or pledges the commissioner determines necessary or useful to sell the bonds that are not inconsistent with section 216C.145. Sections 16A.672 to 16A.675 apply to the bonds. The proceeds of the bonds issued under this section must be credited to the microenergy community energy efficiency and renewable energy loan account created under section 216C.145.

Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the following sources:

(1) revenue credited to the microenergy community energy efficiency and renewable energy loan account from the sources identified in section 216C.145 or from any other source; and

(2) other revenues pledged to the payment of the bonds, including reserves established by a local government unit.

Subd. 4. **Refunding bonds.** The commissioner may issue bonds to refund outstanding bonds issued under subdivision 1, including the payment of any redemption premiums on the bonds and any interest accrued or to accrue to the first redemption date after delivery of the refunding bonds. The proceeds of the refunding bonds may, at the discretion of the commissioner, be applied to the purchases or payment at maturity of the bonds to be refunded, or the redemption of the outstanding bonds on the first redemption date after delivery of the refunding bonds and may, until so used, be placed in escrow to be applied to the purchase, retirement, or redemption. Refunding bonds issued under this subdivision must be issued and secured in the manner provided by the commissioner.

Subd. 5. **Not a general or moral obligation.** Bonds issued under this section are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds may not be paid, directly in whole or in part from a tax of statewide application on any class of property, income, transaction, or privilege. Payment of the bonds is limited to the revenues explicitly authorized to be pledged under this section. The state neither makes nor has a moral obligation to pay the bonds if the pledged revenues and other legal security for them is insufficient.

Subd. 6. **Trustee.** The commissioner may contract with and appoint a trustee for bondholders. The trustee has the powers and authority vested in it by the commissioner under the bond and trust indentures.

Subd. 7. **Pledges.** A pledge made by the commissioner is valid and binding from the time the pledge is made. The money or property pledged and later received by the commissioner is immediately subject to the lien of the pledge without any physical delivery of the property or money or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the commissioner, whether or not those

parties have notice of the lien or pledge. Neither the order nor any other instrument by which a pledge is created need be recorded.

Subd. 8. **Bonds; purchase and cancellation.** The commissioner, subject to agreements with bondholders that may then exist, may, out of any money available for the purpose, purchase bonds of the commissioner at a price not exceeding (1) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (2) if the bonds are not redeemable, the redemption price applicable on the first date after the purchase upon which the bonds become subject to redemption plus accrued interest to that date.

Subd. 9. **State pledge against impairment of contracts.** The state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any agreements made with the bondholders, 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. The commissioner may include this pledge and agreement of the state in any agreement with the holders of bonds issued under this section.

Sec. 7. Minnesota Statutes 2012, section 268A.01, subdivision 14, is amended to read:

Subd. 14. **Affirmative business enterprise employment.** "Affirmative business enterprise employment" means employment which provides paid work on the premises of an affirmative business enterprise as certified by the commissioner.

Affirmative business enterprise employment is considered community supported employment for purposes of funding under Minnesota Rules, parts 3300.1000 to 3300.2055, provided that the wages for individuals reported must be at or above customary wages for the same employer. The employer must also provide one benefit package that is available to all employees at the specific site certified as an affirmative business enterprise.

Sec. 8. [268A.16] EMPLOYMENT SERVICES FOR PERSONS WHO ARE DEAF, DEAFBLIND, OR HARD-OF-HEARING.

Subdivision 1. **Deaf, deafblind, and hard-of-hearing grants.** (a) The commissioner shall develop and implement a specialized statewide grant program to provide long-term supported employment services for persons who are deaf, deafblind, and hard-of-hearing. Programs and services eligible for grants under this section must:

(1) assist persons who are deaf, deafblind, and hard-of-hearing in retaining and advancing in employment;

(2) provide services with staff who must possess fluency in all forms of manual communication, including American Sign Language; knowledge of hearing loss and psychosocial implications; sensitivity to cultural issues; familiarity with community services and communication strategies for people who are hard-of-hearing and do not sign; and awareness of adaptive technology options;

(3) provide specialized employment support services for individuals who have a combined hearing and vision loss that address the individual's unique ongoing visual and auditory communication needs; and

(4) involve clients in the planning, development, oversight, and delivery of long-term ongoing support services.

(b) Priority for funding shall be given to organizations with experience in developing innovative employment support services for persons who are deaf, deafblind, and hard-of-hearing. Each applicant for funds under this section shall submit an evaluation protocol as part of the grant application.

Subd. 2. Employment services for transition-aged youth who are deaf, deafblind, and hard-of-hearing. (a) The commissioner shall develop statewide or regional grant programs to provide school-based communication, access, and employment services for youth who are deaf, deafblind, and hard-of-hearing. Services must include staff who have the skills addressed in subdivision 1, clauses (2) and (3), and expertise in serving transition-aged youth.

(b) Priority for funding shall be given to organizations with experience in providing innovative employment support services and readiness for postsecondary training for transition-aged youths who are deaf, deafblind, and hard-of-hearing. Each applicant for funds under this section shall submit an evaluation protocol as part of the grant application.

Subd. 3. Administration. Up to five percent of the biennial appropriation for the purpose of this section is available to the commissioner for administration of the program.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 9. Minnesota Statutes 2012, section 298.28, subdivision 2, is amended to read:

Subd. 2. City or town where quarried or produced. (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount provided in paragraph (c), must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b) Four cents per taxable ton shall be allocated to cities and organized townships affected by mining because their boundaries are within three miles of a taconite mine pit that has been actively mined in at least one of the prior three years. If a city or town is located near more than one mine meeting these criteria, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. ~~Of The amounts distributed under this paragraph to each municipality, one-half must be used for infrastructure improvement projects, and one-half must be used for projects in which two or more municipalities cooperate. Each municipality that receives a distribution under this paragraph must report annually to the Iron Range Resources and Rehabilitation Board and the commissioner of Iron Range resources and rehabilitation on the projects involving cooperation with other municipalities.~~

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution.

Sec. 10. Laws 2013, chapter 143, article 11, section 10, is amended to read:

Sec. 10. 2013 DISTRIBUTION ONLY.

For the 2013 distribution, a special fund is established to receive 38.7 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

- (1) 5.1 cents per ton to the city of Hibbing for improvements to the city's water supply system;
- (2) 4.3 cents per ton to the city of Mountain Iron for the cost of moving utilities required as a result of actions undertaken by United States Steel Corporation;
- (3) 2.5 cents per ton to the city of Biwabik for improvements to the city's water supply system, ~~payable upon agreement with ArcelorMittal to satisfy water permit conditions~~ system to further the established collaborative efforts between the city of Biwabik, the city of Aurora, and surrounding communities;
- (4) 2 cents per ton to the city of Tower for the Tower Marina;
- (5) 2.4 cents per ton to the city of Grand Rapids for an eco-friendly heat transfer system to replace aging effluent lines and for parking lot repaving;
- (6) 2.4 cents per ton to the city of Two Harbors for wastewater treatment plant improvements;
- (7) 0.9 cents per ton to the city of Ely for the sanitary sewer replacement project;
- (8) 0.6 cents per ton to the town of Crystal Bay for debt service of the Claire Nelson Intermodal Transportation Center;
- (9) 0.5 cents per ton to the Greenway Joint Recreation Board for the Coleraine hockey arena renovations;
- (10) 1.2 cents per ton for the West Range Regional Fire Hall and Training Center to merge the existing fire services of Coleraine, Bovey, Taconite Marble, Calumet, and Greenway Township;
- (11) 2.5 cents per ton to the city of Hibbing for the Memorial Building;
- (12) 0.7 cents per ton to the city of Chisholm for public works infrastructure;
- (13) 1.8 cents per ton to the Crane Lake Water and Sanitary District for sanitary sewer extension;
- (14) 2.5 cents per ton for the city of Buhl for the roof on the Mesabi Academy;
- (15) 1.2 cents per ton to the city of Gilbert for the New Jersey/Ohio Avenue project;
- (16) ~~1.5~~ 2.0 cents per ton to the city of Cook for street improvements, business park infrastructure, and a maintenance garage;

- ~~(17)~~ 0.5 cents per ton to the city of Cook for a water line project;
- ~~(18)~~ (17) 1.8 cents per ton to the city of Eveleth to be used for Jones Street reconstruction and the city auditorium;
- ~~(19)~~ (18) 0.5 cents per ton for the city of Keewatin for an electrical substation and water line replacements;
- ~~(20)~~ (19) 3.3 cents per ton for the city of Virginia for Fourth Street North infrastructure and Franklin Park improvement; and
- ~~(21)~~ (20) 0.5 cents per ton to the city of Grand Rapids for an economic development project.

EFFECTIVE DATE. This section is effective for the 2014 distribution, and all payments must be made separately and within ten days of the date of the August 2014 payment.

Sec. 11. **2014 DISTRIBUTION ONLY.**

For the 2014 distribution, a special fund is established to receive 18.37 cents per ton of any excess of the balance remaining after distribution of amounts required under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the following specific purposes:

- (1) 1.3 cents per ton to the city of Silver Bay for a water project under Highway 61;
- (2) 0.5 cents per ton to the city of Grand Rapids for soil and landscape remediation at the Reif Center;
- (3) 0.65 cents per ton to the city of LaPrairie for sewer, water, and road improvements to accommodate business expansion in the city;
- (4) 0.78 cents per ton to the city of Cohasset for an infrastructure project;
- (5) 0.39 cents per ton to Balkan Township for a salt storage building and energy-efficient cold storage building;
- (6) 3.0 cents per ton to the city of McKinley to construct a water line from the city of Gilbert or the city of Biwabik to the city of McKinley's distribution center in order to secure a potable water source for the city, provided that the city of McKinley secures the remainder of the project costs from other sources, and expires three years following the date of distribution;
- (7) 6.5 cents per ton to the Iron Range Resources and Rehabilitation Board for township block grants to be distributed by the board;
- (8) 0.5 cents per ton to the city of Marble for a water main and looping project;
- (9) 0.65 cents per ton to the city of Nashwauk for an infrastructure project;
- (10) 0.65 cents per ton to the city of Babbitt for demolition of a public building;
- (11) 0.65 cents per ton to the city of Hoyt Lakes for a storm water project;
- (12) 0.65 cents per ton to the city of Aurora for an infrastructure project;
- (13) 0.65 cents per ton to the town of Silver Creek for an infrastructure project;

- (14) 0.5 cents per ton to the city of Calumet for an infrastructure project;
- (15) 0.5 cents per ton to Nashwauk Township for the Nashwauk town hall; and
- (16) 0.5 cents per ton to the city of Biwabik for emergency repair of a wastewater treatment project.

EFFECTIVE DATE. This section is effective for the 2014 distribution, and all payments must be made separately and within ten days of the date of the August 2014 payment.

Sec. 12. CIP ELECTRONIC DATA REPORTING AND TRACKING SYSTEM; EVALUATION.

The commissioner of commerce may utilize a stakeholder group to annually monitor the usability and product development of systems for electronic data reporting and tracking for the use of utilities under the conservation improvement plan program under Minnesota Statutes, section 216B.241. The initial group may be convened by November 1, 2014, and must, among others, include representatives from all sectors of the gas and electric utility industry and providers of energy conservation.

Sec. 13. REALLOCATION OF BOND PAYMENTS.

In each year subsequent to the year in which the following appropriations terminate under their terms, an amount equal to the amount of the last year of the school bond payments from the 2012 production year, payable in 2013, is appropriated from the same sources listed in this section to the Iron Range school consolidation and cooperatively operated school account under Minnesota Statutes, section 298.28, subdivision 7a:

- (1) Laws 1996, chapter 412, article 5, section 21, subdivision 3, appropriation for bonds of Independent School District No. 166, Cook County;
- (2) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 696, Ely;
- (3) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 706, Virginia;
- (4) Laws 1996, chapter 412, article 5, section 20, subdivision 2, appropriation for bonds of Independent School District No. 2154, Eveleth-Gilbert;
- (5) Laws 1998, chapter 398, article 4, section 17, subdivision 2, appropriation for bonds of Independent School District No. 712, Mountain Iron-Buhl; and
- (6) Laws 2008, chapter 154, article 8, section 18, appropriation for bonds of Independent School District No. 2711, Mesabi East.

EFFECTIVE DATE. This section is effective beginning with the distribution in 2015.

ARTICLE 12

EARLY CHILDHOOD THROUGH GRADE 12 EDUCATION

Section 1. Minnesota Statutes 2012, section 13.43, subdivision 16, is amended to read:

Subd. 16. **School district or charter school disclosure of violence or inappropriate sexual contact.** The superintendent of a school district or the superintendent's designee, or a person having administrative control of a charter school, must release to a requesting school district or charter school private personnel data on a current or former employee related to acts of violence toward or sexual contact with a student, if:

(1) an investigation conducted by or on behalf of the school district or law enforcement affirmed the allegations in writing prior to release and the investigation resulted in the resignation of the subject of the data; or

(2) the employee resigned while a complaint or charge involving the allegations was pending and the allegations involved acts of sexual contact with a student.

Data that are released under this subdivision must not include data on the student.

Sec. 2. Minnesota Statutes 2013 Supplement, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.**
(a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan for evaluation and review under paragraph (c). The process must include having trained observers serve as peer coaches ~~or having teachers participate in professional learning communities~~, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, ~~the opportunity to participate in a professional learning community under paragraph (a)~~; and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs;

~~(7)~~ (8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

~~(8)~~ (9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

~~(9)~~ (10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

~~(10)~~ (11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

~~(11)~~ (12) must give teachers not meeting professional teaching standards under clauses (3) through ~~(10)~~ (11) support to improve through a teacher improvement process that includes established goals and timelines; and

~~(12)~~ (13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause ~~(11)~~ (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year.

Sec. 3. Minnesota Statutes 2013 Supplement, section 122A.41, subdivision 5, is amended to read:

Subd. 5. **Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and

peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan for evaluation and review developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 2;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, ~~the opportunity to participate in a professional learning community under paragraph (a)~~; and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs;

~~(7)~~ (8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

~~(8)~~ (9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

~~(9)~~ (10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible;

~~(10)~~ (11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

~~(11)~~ (12) must give teachers not meeting professional teaching standards under clauses (3) through ~~(10)~~ (11) support to improve through a teacher improvement process that includes established goals and timelines; and

~~(12)~~ (13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause ~~(11)~~ (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year.

Sec. 4. Minnesota Statutes 2012, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, ~~and~~ base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student ~~achievement~~ growth that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, clause (9), or 122A.41, subdivision 5, clause (9); ~~and~~

(iii) an objective evaluation program ~~that includes:~~ under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2)

(A) individual teacher evaluations aligned with the educational improvement plan under section 122A.413 and the staff development plan under section 122A.60; and

(B) objective evaluations using multiple criteria conducted by a locally selected and periodically trained evaluation team that understands teaching and learning;

(4) provide integrated ongoing site-based professional development activities for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later. Paragraph (b), clause (3), is effective for agreements under this section approved after August 1, 2015.

Sec. 5. Minnesota Statutes 2012, section 122A.415, subdivision 1, is amended to read:

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414; and

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals \$260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district must be calculated under ~~section 126C.10, subdivision 34~~ subdivision 4, paragraphs (a) and (b).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 123A.05, subdivision 2, is amended to read:

Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center or alternative learning program must reserve revenue in an amount equal to the sum of (1) at least between 90 and 100 percent of the district average general education revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485 .0466, calculated without basic skills revenue and transportation sparsity revenue, times the number of pupil units attending an area learning center or alternative learning program under this section, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center or alternative learning program. The amount of reserved revenue under this subdivision may only be spent on program costs associated with the area learning center or alternative learning program.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 7. **[123A.482] JOINT POWERS COOPERATIVE FACILITY.**

Subdivision 1. **Schools may be jointly operated.** Two or more school districts may agree to jointly operate a secondary facility. The districts may choose to operate the facility according to a joint powers agreement under section 123A.78 or 471.59.

Subd. 2. **Expanded program offerings.** A jointly operated secondary program seeking funding under section 123A.485 must demonstrate to the commissioner's satisfaction that the jointly operated program provides enhanced learning opportunities and broader curriculum offerings to the students attending that program. The commissioner must approve or disapprove a cooperative secondary program within 60 days of receipt of an application.

Subd. 2a. **Transfer of employees.** An employee transferred between members of a joint powers agreement under this section is not required to serve a statutory or contractual probationary period. The employee shall receive credit on the receiving district's salary schedule for the employee's educational attainment and years of continuous service in the sending district, or shall receive a comparable salary, whichever is greater. The employee shall receive credit for accrued sick leave and rights to severance benefits as if the employee had been employed by the receiving district during the employee's years of employment in the sending district.

Subd. 3. **Revenue.** An approved program that is jointly operated under this section is eligible for aid under section 123A.485 and qualifies for a facilities grant under sections 123A.44 to 123A.446.

Subd. 4. **Duty to maintain elementary and secondary schools met.** A school district operating a joint facility under this section meets the requirements of section 123A.64.

Subd. 5. **Estimated market value limit exclusion.** Bonds for a cooperative facility operated under this section issued by a member school district are not subject to the net debt limit under section 475.53, subdivision 4.

Subd. 6. **Allocation of levy authority for joint facility.** For purposes of determining each member district's school levy, a jointly operated secondary program may allocate program costs to each member district according to the joint powers agreement and each member district may include those costs in its tax levy. The joint powers agreement may choose to allocate costs on any basis adopted as part of the joint powers agreement.

Subd. 7. **Effect of consolidation.** The joint powers agreement may allow member school districts that choose to consolidate to continue to certify levies separately based on each component district's characteristics.

Subd. 8. **Bonds.** A joint powers district formed under this section may issue bonds according to section 123A.78 or its member districts may issue bonds individually after complying with this subdivision. The joint powers board must submit the project for review and comment under section 123B.71. The joint powers board must hold a hearing on the proposal. If the bonds are not issued under section 123A.78, each member district of the joint powers district must submit the question of authorizing borrowing of funds for the project to the voters of the district at a special election. The question submitted shall state the total amount of funding needed from that district. The member district may issue the bonds according to chapter 475 and certify the levy required by section 475.61 only if a majority of those voting on the question in that district vote in the affirmative and only after the board has adopted a resolution pledging the full faith and credit of that unit. The resolution must irrevocably commit that unit to pay an agreed-upon share of any debt levy shortages that, together with other funds available, would allow the member school board to pay the principal and interest on the obligations. The clerk of the joint powers board must certify the vote of any bond elections to the commissioner. Bonds issued under this section first qualify for debt service equalization aid in fiscal year 2018.

Subd. 9. **Election.** A district entering into a joint powers agreement under this section may conduct a referendum seeking approval for a new facility. This election may be held separately or at the same time as a bond election under subdivision 8. If the election is held at the same time, the questions may be asked separately or as a conjunctive question. The question must be approved by a majority of those voting on the question. If asked separately and the question fails, a district may not proceed with the sale of bonds according to subdivision 8.

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

Sec. 8. Minnesota Statutes 2012, section 123A.485, is amended to read:

123A.485 CONSOLIDATION TRANSITION REVENUE AID.

Subdivision 1. **Eligibility and use.** A district that operates a cooperative facility under section 123A.482 or that has been reorganized after June 30, 1994, under section 123A.48 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue aid may only be used according to this section. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district or the governing board of the cooperative facility:

- (1) to offer early retirement incentives as provided by section 123A.48, subdivision 23;
- (2) to reduce operating debt as defined in section 123B.82;
- (3) to enhance learning opportunities for students in the reorganized district; and

(4) to repay building debt; or

(5) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or ~~(4)~~ (5) may be expended for operating, facilities, and/or equipment.

Subd. 2. **Aid.** ~~(a)~~ Consolidation transition aid is equal to ~~\$200~~ \$300 times the number of resident adjusted pupil units in the newly created cooperative facility under section 123A.482 or the consolidated district in the year of consolidation and \$100 times the number of resident pupil units in the first year following the year of consolidation under section 123A.48. The number of pupil units used to calculate aid in either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter A district may receive aid under this section for not more than five years except as provided in subdivision 4.

~~(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 127A.41, subdivision 8, is insufficient to pay all districts the full amount of aid earned, the department must first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.~~

Subd. 3. **Levy.** If the aid available in subdivision 2 is insufficient to cover the costs of the district under section 123A.48, subdivision 23, the district may levy the difference over a period of time not to exceed three years.

Subd. 4. **New districts.** If a district enters into a cooperative secondary facilities program or consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation or the start of the cooperative secondary facilities program, only the pupil units in the district or districts not previously cooperating or reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

EFFECTIVE DATE. This section is effective for state aid for fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2012, section 123A.64, is amended to read:

123A.64 DUTY TO MAINTAIN ELEMENTARY AND SECONDARY SCHOOLS.

Each district must maintain classified elementary and secondary schools, grades 1 through 12, unless the district is exempt according to section 123A.61 or 123A.62, has made an agreement with another district or districts as provided in sections 123A.30, 123A.32, or sections 123A.35 to 123A.43, or 123A.17, subdivision 7, ~~or~~ has received a grant under sections 123A.441 to 123A.446, ~~or has formed a cooperative under section 123A.482.~~ A district that has an agreement according to sections 123A.35 to 123A.43 or 123A.32 must operate a school with the number of grades required by those sections. A district that has an agreement according to section 123A.30 or 123A.17, subdivision 7, or has received a grant under sections 123A.441 to 123A.446 must operate a school for the grades not included in the agreement, but not fewer than three grades.

Sec. 10. Minnesota Statutes 2013 Supplement, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, lease purchase payments under section 126C.40, subdivision 2, alternative facilities levies under section 123B.59, subdivision 5, paragraph (a), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding both the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, and any payments made from the Douglas J. Johnson economic protection trust fund under section 298.292, subdivision 2, clause (6);

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24; ~~and~~

(4) obligations under section 123B.62; and

(5) obligations under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

Sec. 11. **[123B.535] NATURAL DISASTER DEBT SERVICE EQUALIZATION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible natural disaster debt service revenue of a district is defined as the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district that would otherwise qualify under section 123B.53 under the following conditions:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused \$500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(b) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the current school year.

(c) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

Subd. 2. **Notification.** A district eligible for natural disaster debt service equalization revenue under subdivision 1 must notify the commissioner of the amount of its intended natural disaster debt service revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

Subd. 3. **Natural disaster debt service equalization revenue.** The debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, minus the greater of zero or the difference between:

(1) the amount raised by a levy of ten percent times the adjusted net tax capacity of the district; and

(2) the district's eligible debt service revenue under section 123B.53.

Subd. 4. **Equalized natural disaster debt service levy.** A district's equalized natural disaster debt service levy equals the district's natural disaster debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

Subd. 5. **Natural disaster debt service equalization aid.** A district's natural disaster debt service equalization aid equals the difference between the district's natural disaster debt service equalization revenue and the district's equalized natural disaster debt service levy.

Subd. 6. **Natural disaster debt service equalization aid payment schedule.** Debt service equalization aid must be paid according to section 127A.45, subdivision 10.

EFFECTIVE DATE. This section is effective for levies certified for taxable year 2015 and revenue for fiscal year 2016 and later.

Sec. 12. Minnesota Statutes 2013 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) The amount necessary to make debt service equalization aid payments under ~~section~~ sections 123B.53 and 123B.535 is annually appropriated from the general fund to the commissioner of education.

(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.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 13. Minnesota Statutes 2012, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site if it has a capital loan outstanding, or ~~\$1,400,000~~ \$2,000,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. ~~The commissioner may exempt A facility addition, maintenance project, or remodeling project funded only with general education aid and levy revenue, deferred maintenance revenue, alternative facilities bonding and levy program revenue, lease levy proceeds, capital facilities bond proceeds, or health and safety revenue is exempt from this provision after reviewing a written request from a school district describing the scope of work. A capital project under section 123B.63 addressing only technology is exempt from this provision if the district submits a school board resolution stating that funds approved by the voters will be used only as authorized in section 126C.10, subdivision 14.~~ A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 14. Minnesota Statutes 2012, section 123B.71, subdivision 9, is amended to read:

Subd. 9. **Information required.** A school board proposing to construct, expand, or remodel a facility ~~described in~~ that requires a review and comment under subdivision 8 shall submit to the commissioner a proposal containing information including at least the following:

(1) the geographic area and population to be served, preschool through grade 12 student enrollments for the past five years, and student enrollment projections for the next five years;

(2) a list of existing facilities by year constructed, their uses, and an assessment of the extent to which alternate facilities are available within the school district boundaries and in adjacent school districts;

(3) a list of the specific deficiencies of the facility that demonstrate the need for a new or renovated facility to be provided, the process used to determine the deficiencies, a list of those deficiencies that will and will not be addressed by the proposed project, and a list of the specific benefits that the new or renovated facility will provide to the students, teachers, and community users served by the facility;

(4) ~~the relationship of the project to any priorities established by the school district, educational cooperatives that provide support services, or other public bodies in the service area;~~

~~(5) a description of the pedestrian, bicycle, and transit connections between the school and nearby residential areas that make it easier for children, teachers, and parents to get to the school by walking, bicycling, and taking transit;~~

~~(6) a specification of how the project maximizes the opportunity for cooperative use of existing park, recreation, and other public facilities and whether and how the project will increase collaboration with other governmental or nonprofit entities;~~

~~(7) (4) a description of the project, including the specification of site and outdoor space acreage and square footage allocations for classrooms, laboratories, and support spaces; estimated expenditures for the major portions of the project; and the dates the project will begin and be completed;~~

~~(8) (5) a specification of the source of financing the project, including applicable statutory citations; the scheduled date for a bond issue or school board action; a schedule of payments, including debt service equalization aid; and the effect of a bond issue on local property taxes by the property class and valuation;~~

~~(9) an analysis of how the proposed new or remodeled facility will affect school district operational or administrative staffing costs, and how the district's operating budget will cover any increased operational or administrative staffing costs;~~

~~(10) a description of the consultation with local or state transportation officials on multimodal school site access and safety issues, and the ways that the project will address those issues;~~

~~(11) a description of how indoor air quality issues have been considered and a certification that the architects and engineers designing the facility will have professional liability insurance;~~

~~(12) as required under section 123B.72, for buildings coming into service after July 1, 2002, a certification that the plans and designs for the extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed code standards; will provide for the monitoring of outdoor airflow and total airflow of ventilation systems; and will provide an indoor air quality filtration system that meets ASHRAE standard 52.1;~~

~~(13) a specification of any desegregation requirements that cannot be met by any other reasonable means;~~

~~(14) a specification of how the facility will utilize environmentally sustainable school facility design concepts;~~

~~(15) a description of how the architects and engineers have considered the American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools of the maximum background noise level and reverberation times; and~~

~~(16) any existing information from the relevant local unit of government about the cumulative costs to provide infrastructure to serve the school, such as utilities, sewer, roads, and sidewalks.~~

(6) confirmations of the district and contracted professionals that the project is planned and will be executed to consider and comply with the following:

(i) uniform municipal contracting law under section 471.345;

(ii) sustainable design;

(iii) school facility commissioning under section 123B.72 requiring certification that plans and designs for an extensively renovated or new facility's heating, ventilation, and air conditioning systems will meet or exceed current code standards; and will provide an air quality filtration system that meets ASHRAE standard 52.1;

(iv) American National Standards Institute Acoustical Performance Criteria, Design Requirements and Guidelines for Schools of the maximum background noise level and reverberation times;

(v) State Fire Code;

(vi) applicable building code under chapter 326B;

(vii) consultation with appropriate governmental units regarding utilities, roads, sewers, sidewalks, retention ponds, school bus and automobile traffic, and safe access for walkers and bicyclists.

Sec. 15. Minnesota Statutes 2013 Supplement, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** For fiscal year ~~2011~~ 2014 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) ~~the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus~~

(ii) ~~the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 124D.862, for Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, and Independent School District No. 709, Duluth; 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus~~

(iii) ~~48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

Sec. 16. Minnesota Statutes 2012, section 124D.09, subdivision 9, is amended to read:

Subd. 9. **Enrollment priority.** A postsecondary institution shall give priority to its postsecondary students when enrolling 10th, 11th, and 12th grade pupils in its courses. A postsecondary institution may provide information about its programs to a secondary school or to a pupil or parent and it may advertise or otherwise recruit or solicit a secondary pupil to enroll in its programs on educational and programmatic grounds only. An institution must not enroll secondary pupils, for postsecondary enrollment options purposes, in remedial, developmental,

or other courses that are not college level, except when a student eligible to participate in the graduation incentives program under section 124D.68 enrolls full-time in a middle or early college program specifically designed to allow the student to earn dual high school and college credit. In this case, the student shall receive developmental college credit and not college credit for completing remedial or developmental courses. Once a pupil has been enrolled in a postsecondary course under this section, the pupil shall not be displaced by another student.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 17. Minnesota Statutes 2012, section 124D.09, subdivision 13, is amended to read:

Subd. 13. **Financial arrangements.** For a pupil enrolled in a course under this section, the department must make payments according to this subdivision for courses that were taken for secondary credit.

The department must not make payments to a school district or postsecondary institution for a course taken for postsecondary credit only. The department must not make payments to a postsecondary institution for a course from which a student officially withdraws during the first 14 days of the quarter or semester or who has been absent from the postsecondary institution for the first 15 consecutive school days of the quarter or semester and is not receiving instruction in the home or hospital.

A postsecondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance minus ~~\$415~~ \$425, multiplied by ~~1.3~~ 1.2, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance minus ~~\$415~~ \$425, multiplied by ~~1.3~~ 1.2, and divided by 30.

The department must pay to each postsecondary institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the postsecondary institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department notifies a postsecondary institution that an overpayment has been made, the institution shall promptly remit the amount due.

Sec. 18. Minnesota Statutes 2013 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program

that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

(r) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

(s) A charter school is subject to and must comply with continuing truant notification under section 260A.03.

(t) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to ~~(12)~~ (13).

(u) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 19. Minnesota Statutes 2013 Supplement, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, extended time revenue, pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time pupil unit equals \$4,794.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 20. Minnesota Statutes 2013 Supplement, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of 12.5 cents for each full paid, ~~reduced-price,~~ and free student lunch and 52.5 cents for each reduced-price student lunch served to students.

EFFECTIVE DATE. This section is effective for fiscal years 2015 and later.

Sec. 21. Minnesota Statutes 2012, section 124D.111, is amended by adding a subdivision to read:

Subd. 4. **No fees.** A participant that receives school lunch aid under this section must make lunch available without charge to all participating students who qualify for free or reduced-price meals. The participant must also ensure that any reminders for payment of outstanding student meal balances do not demean or stigmatize any child participating in the school lunch program.

EFFECTIVE DATE. This section is effective for fiscal years 2015 and later.

Sec. 22. Minnesota Statutes 2012, section 124D.111, is amended by adding a subdivision to read:

Subd. 5. **Inability to pay.** A participant that receives school lunch aid under this section is encouraged to provide a student who is unable to pay with the same lunch that is served to other students.

Sec. 23. Minnesota Statutes 2012, section 124D.1158, subdivision 3, is amended to read:

Subd. 3. **Program reimbursement.** Each school year, the state must reimburse each participating school 30 cents for each reduced-price breakfast ~~and~~, 55 cents for each fully paid breakfast served to students in grades 1 to 12, and \$1.30 for each fully paid breakfast served to a kindergarten student.

Sec. 24. Minnesota Statutes 2012, section 124D.1158, subdivision 4, is amended to read:

Subd. 4. **No fees.** A school that receives school breakfast aid under this section must make breakfast available without charge to all participating students in grades 1 to 12 who qualify for free or reduced price meals and to all kindergarten students.

Sec. 25. Minnesota Statutes 2012, section 124D.13, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** (a) Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents and other relatives of these children, and for expectant parents. To the extent that funds are insufficient to provide programs for all children, early childhood family education programs should emphasize programming for a child from birth to age three and encourage parents and other relatives to involve four- and five-year-old children in school readiness programs, and other public and nonpublic early learning programs. A district may not limit participation to school district residents. Early childhood family education programs must provide:

(1) programs to educate parents and other relatives about the physical, ~~mental~~ cognitive, social, and emotional development of children and to enhance the skills of parents and other relatives in providing for their children's learning and development;

(2) structured learning activities requiring interaction between children and their parents or relatives;

(3) structured learning activities for children that promote children's development and positive interaction with peers, which are held while parents or relatives attend parent education classes;

(4) information on related community resources;

(5) information, materials, and activities that support the safety of children, including prevention of child abuse and neglect; ~~and~~

(6) ~~a community outreach plan to ensure participation by families who reflect the racial, cultural, and economic diversity of the school district~~ needs assessment that identifies new and underserved populations, identifies child and family risk factors, particularly those that impact children's learning and development, and assesses family and parenting education needs in the community;

(7) programming and services that are tailored to the needs of families and parents prioritized in the community needs assessment; and

(8) provide information about and, if needed, assist in making arrangements for an early childhood health and developmental screening under sections 121A.16 and 121A.17, when the child nears their third birthday.

Early childhood family education programs should prioritize programming and services for families and parents identified in the community needs assessment, particularly those families and parents with children with the most risk factors birth to age three.

The programs must include learning experiences for children, parents, and other relatives that promote children's early literacy skills. The program must not include activities for children that do not require substantial involvement of the children's parents or other relatives. The program may provide parenting education programming or services to anyone identified in the community needs assessment. The program must be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs must encourage parents to be aware of practices that may affect equitable development of children.

(b) For the purposes of this section, "relative" or "relatives" means noncustodial grandparents or other persons related to a child by blood, marriage, adoption, or foster placement, excluding parents.

Sec. 26. Minnesota Statutes 2012, section 124D.13, subdivision 4, is amended to read:

Subd. 4. **Home visiting program.** A district that levies for home visiting under section 124D.135, subdivision 6, shall use this revenue to include as part of the early childhood family education programs a parent education component that is designed to reach isolated or at-risk families.

The home visiting program must use:

(1) ~~an established risk assessment tool to determine the family's level of risk~~ incorporate evidence-informed parenting education practices designed to support the healthy growth and development of children, with a priority focus on those children who have high needs;

(2) establish clear objectives and protocols for home visits;

(3) encourage families to make a transition from home visits to site-based parenting programs;

(4) provide program services that are community-based, accessible, and culturally relevant; ~~and~~

(5) foster collaboration among existing agencies and community-based organizations that serve young children and their families, such as public health evidence-based models of home visiting and Head Start home visiting; and

(6) provide information about and assist in making arrangements for an early childhood health and developmental screening when the child nears his or her third birthday.

~~Home visitors~~ The home visiting program should be provided by licensed parenting educators, certified family life educators, or professionals with an equivalent license that reflect the demographic composition of the community to the extent possible.

Sec. 27. Minnesota Statutes 2012, section 124D.13, subdivision 9, is amended to read:

Subd. 9. **District advisory councils.** The board must appoint an advisory council from the area in which the program is provided. A majority of the council must be parents participating in the program, who represent the demographics of the community. The district must ensure, to the extent possible, that the council includes representation of families who are racially, culturally, linguistically, and economically diverse. The council must assist the board in developing, planning, and monitoring the early childhood family education program. The council must report to the board and the community education advisory council.

Sec. 28. Minnesota Statutes 2012, section 124D.13, subdivision 13, is amended to read:

Subd. 13. **Program data submission requirements.** Districts receiving early childhood family education revenue under section 124D.135 must submit annual program data, including data that demonstrates the program response to the community needs assessment, to the department by July 15 in the form and manner prescribed by the commissioner.

Sec. 29. Minnesota Statutes 2012, section 124D.13, is amended by adding a subdivision to read:

Subd. 14. **Supervision.** A program provided by a board must be supervised by a licensed early childhood teacher or a licensed parent educator.

Sec. 30. Minnesota Statutes 2012, section 124D.13, is amended by adding a subdivision to read:

Subd. 15. **Parenting education transition program.** To the extent that funds are sufficient, early childhood family education may provide parenting education transition programming for parents of children birth to grade three in districts in which there is a prekindergarten-grade three initiative in order to facilitate continued parent engagement in children's learning and development. Early childhood family education programs are encouraged to develop partnerships to provide a parenting education liaison to providers of other public and nonpublic early learning programs, such as Head Start, school readiness, child care, early childhood special education, local public health programs, and health care providers.

Sec. 31. Minnesota Statutes 2012, section 124D.135, subdivision 1, is amended to read:

Subdivision 1. **Revenue.** The revenue for early childhood family education programs for a school district equals \$112 for fiscal year 2007 and \$120 for fiscal year 2008 \$120 for fiscal year 2014 and the formula allowance for the year times 0.0253 for fiscal year 2015 and later, times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the district on October 1 of the previous school year.

Sec. 32. Minnesota Statutes 2012, section 124D.135, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education levy.** ~~(a)~~ By September 30 of each year, the commissioner shall establish a tax rate for early childhood family education revenue that raises \$22,135,000 in each fiscal year. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy must equal the early childhood family education revenue. A district may not certify an early childhood family education levy unless it has met the annual program data reporting requirements under section 124D.13, subdivision 13.

~~(b) Notwithstanding paragraph (a), for fiscal year 2009 only, the commissioner shall establish a tax rate for early education revenue that raises \$13,565,000.~~

Sec. 33. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner may prioritize applications on factors including family income,

geographic location, and whether the child's family is on a waiting list for a publicly funded program providing early education or child care services.

(b) Scholarships may be awarded up to \$5,000 for each eligible child. The commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.13, subdivision 1, paragraph (b), per year.

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services or to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. A school district or Head Start program qualifying under this paragraph may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

(f) A school district or Head Start program enrolling scholarship recipients under paragraph (c) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (c) according to the metered payment system or another schedule established by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 34. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 4, is amended to read:

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early childhood education scholarship, a program must:

- (1) participate in the quality rating and improvement system under section 124D.142; and
- (2) beginning July 1, 2016, have a three- or four-star rating in the quality rating and improvement system.

(b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

(c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship program pilot sites are eligible to accept an early learning scholarship under this section.

Sec. 35. Minnesota Statutes 2013 Supplement, section 124D.165, subdivision 5, is amended to read:

Subd. 5. **Report required.** The commissioner shall contract with an independent contractor to evaluate the early learning scholarship program. The evaluation must include recommendations regarding the appropriate scholarship amount, efficiency, and effectiveness of the administration, and impact on kindergarten readiness and student outcomes by program setting, including Head Start programs, school-based prekindergarten and preschool programs, and other early education and child care programs. The report must also include the number of scholarship recipients in school-based, home-based, and center-based programs as well as a geographic summary of scholarship recipients by county. By January 15, 2016, the commissioner shall submit a written copy of the evaluation to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over kindergarten through grade 12 education.

Sec. 36. Minnesota Statutes 2012, section 124D.522, is amended to read:

124D.522 ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. Beginning in fiscal year 2002, the commissioner may make grants under this section from the state total adult basic education aid set aside for supplemental service grants under section 124D.531. Up to one-fourth of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed ~~20~~ 40 percent of the total supplemental services aid. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 37. Minnesota Statutes 2013 Supplement, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2011 equals \$44,419,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) ~~1.025~~ 1.03; or

(ii) the average growth in state total contact hours over the prior ten program years.

~~Beginning in fiscal year 2002, two~~ Three percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 38. Minnesota Statutes 2012, section 124D.531, subdivision 3, is amended to read:

Subd. 3. **Program revenue.** Adult basic education programs established under section 124D.52 and approved by the commissioner are eligible for revenue under this subdivision. For fiscal year 2001 and later, adult basic education revenue for each approved program equals the sum of:

(1) the basic population aid under subdivision 2 for districts participating in the program during the current program year; plus

(2) 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus

(3) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the enrollment of English learners during the second prior school year in districts participating in the program during the current program year to the state total enrollment of English learners during the second prior school year in districts participating in adult basic education programs during the current program year; plus

(4) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the latest federal census count of the number of adults aged ~~20~~ 25 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged ~~20~~ 25 or older with no diploma residing in the districts participating in adult basic education programs during the current program year.

Sec. 39. Minnesota Statutes 2012, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by a valid assessment measuring the pupil's English language proficiency and by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments, to lack the necessary English skills to participate fully in academic classes taught in English.

(b) ~~Notwithstanding paragraph (a),~~ A pupil enrolled in a Minnesota public school in ~~grades any grade 4 through 12 who was enrolled in a Minnesota public school on the dates during in the previous school year when a commissioner provided~~ took a commissioner-provided assessment that ~~measures measuring~~ the pupil's emerging academic English ~~was administered,~~ shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, ~~unless if~~ the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on ~~an the~~ assessment measuring the pupil's emerging academic English ~~provided by the commissioner during the previous school year or in the judgment of the pupil's classroom teachers,~~ consistent with section 124D.61, clause (1), the pupil is unable to demonstrate academic language proficiency in English, including oral academic language, sufficient to successfully and fully participate in the general core curriculum in the regular classroom.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners in accordance with under sections 124D.58 to 124D.64; or

(2) the pupil has generated ~~five~~ six or more years of average daily membership in Minnesota public schools since July 1, 1996.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2015 and later.

Sec. 40. Minnesota Statutes 2013 Supplement, section 124D.862, subdivision 1, is amended to read:

Subdivision 1. **Initial achievement and integration revenue.** (a) An eligible district's initial achievement and integration revenue equals the lesser of 100.3 percent of the district's expenditures under the budget approved by the commissioner under section 124D.861, subdivision 3, paragraph (c), excluding expenditures used to generate incentive revenue under subdivision 2, or the sum of (1) \$350 times the district's adjusted pupil units for that year times the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year and (2) the greater of zero or 66 percent of the difference between the district's integration revenue for fiscal year 2013 and the district's integration revenue for fiscal year 2014 under clause (1).

(b) In each year, 0.3 percent of each district's initial achievement and integration revenue is transferred to the department for the oversight and accountability activities required under this section and section 124D.861.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 41. Minnesota Statutes 2013 Supplement, section 124D.862, subdivision 2, is amended to read:

Subd. 2. **Incentive revenue.** An eligible school district's maximum incentive revenue equals \$10 per adjusted pupil unit. ~~In order to receive this revenue, a district must be~~ A district's incentive revenue equals the lesser of the maximum incentive revenue or the district's expenditures for

implementing a voluntary plan to reduce racial and economic enrollment disparities through intradistrict and interdistrict activities that have been approved as a part of the district's achievement and integration plan under the budget approved by the commissioner under section 124D.861, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 42. Minnesota Statutes 2012, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS; DATA REPORTING REQUIREMENTS.

Subdivision 1. Requirements for individualized education programs. (a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior for children with attention deficit disorder or attention deficit hyperactivity disorder. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Subd. 2. Online reporting of required data. (a) To ensure a strong focus on outcomes for children with disabilities informs federal and state compliance and accountability requirements and to increase opportunities for special educators and related-services providers to focus on teaching children with disabilities, the commissioner must integrate, customize, and sustain a streamlined, user-friendly statewide online system, with a single, integrated model online form, for effectively and efficiently collecting and reporting required special education-related data to individuals with a legitimate educational interest and who are authorized by law to access the data. Among other data-related requirements, the online system must successfully interface with existing state reporting systems such as MARSS and Child Count and with districts' local data systems.

(b) The commissioner must consult with qualified experts, including information technology specialists, licensed special education teachers and directors of special education, related-services providers, third-party vendors, a designee of the commissioner of human services, parents of children with disabilities, representatives of advocacy groups representing children with disabilities, and representatives of school districts and special education cooperatives on integrating, field testing, customizing, and sustaining this simple, easily accessible, efficient, and effective online data system for uniform statewide reporting of required due process compliance data. Among other outcomes, the system must:

(1) reduce special education teachers' paperwork burden and thereby increase the teachers' opportunities to focus on teaching children;

(2) to the extent authorized by chapter 13 or other applicable state or federal law governing access to and dissemination of educational records, provide for efficiently and effectively transmitting the records of all transferring children with disabilities, including highly mobile and homeless children with disabilities, among others, to give an enrolling school, school district, facility, or other institution immediate access to information about the transferring child and to avoid fragmented service delivery;

(3) address language and other barriers and disparities that prevent parents from understanding and communicating information about the needs of their children with disabilities;

(4) facilitate school districts' ability to bill medical assistance, MinnesotaCare, and other third-party payers for the costs of providing individualized education program health-related services to an eligible child with disabilities;

(5) help continuously improve the interface among the online systems serving children with disabilities in order to maintain and reinforce the children's ability to learn; and

(6) have readily accessible expert technical assistance to maintain, sustain, and improve the online system.

(c) The commissioner must use the federal Office of Special Education Programs model forms for the (1) individualized education program, (2) notice of procedural safeguards, and (3) prior written notice that are consistent with Part B of IDEA to integrate and customize a state-sponsored universal special education online case management system, consistent with the requirements of state law and this subdivision for integrating, customizing, and sustaining a statewide online reporting system. The commissioner must use a request for proposal process to contract for the technology and software needed for integrating and customizing the online system in order for the system to be fully functional, consistent with the requirements of this subdivision. This online system must be made available to school districts without charge beginning in the 2015-2016 school year. All actions in which data in the system are entered, updated, accessed, or shared or disseminated outside of the system, must be recorded in a data audit trail. The audit trail must identify the user responsible for the action, and the date and time the action occurred. Data contained in the audit trail maintain the same classification as the underlying data that was affected by the action, and may be accessed by the responsible authority at any time for purposes of auditing the system's user activity and security safeguards. For the 2015-2016 through 2017-2018 school years, school districts may use this online system or may contract with an outside vendor for compliance reporting. Beginning in the 2018-2019 school year and later, school districts must use this online system for compliance reporting.

(d) Consistent with this subdivision, the commissioner must establish a public Internet Web interface to provide information to educators, parents, and the public about the form and content of required special education reports, to respond to queries from educators, parents, and the public about specific aspects of special education reports and reporting, and to use the information garnered from the interface to streamline and revise special education reporting on the online system under this subdivision. The public Internet Web interface must not provide access to the educational records of any individual child.

(e) The commissioner annually by February 1 must submit to the legislature a report on the status, recent changes, and sustainability of the online system under this subdivision.

Sec. 43. Minnesota Statutes 2013 Supplement, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(c) For purposes of this subdivision and section 127A.47, subdivision 7, ~~paragraphs (d) and (e) paragraph (b)~~, "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 44. Minnesota Statutes 2013 Supplement, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.046 for fiscal years 2012 ~~through~~ through 2015, 1.0 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

- (1) reimbursed with federal funds;
- (2) reimbursed with other state aids under this chapter;
- (3) for general education costs of serving students with a disability;
- (4) for facilities;
- (5) for pupil transportation; and
- (6) for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

(h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures are limited to the salary and fringe benefits of one-to-one instructional and

behavior management aides assigned to a child attending the academy, if the aides are required by the child's individualized education program.

~~(h)~~ (i) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and 2.27 percent for fiscal year 2015.

~~(i)~~ (j) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48 for fiscal year 2015.

~~(j)~~ (k) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and \$40.

Sec. 45. Minnesota Statutes 2013 Supplement, section 125A.76, subdivision 2a, is amended to read:

Subd. 2a. **Special education initial aid.** For fiscal year 2016 and later, a district's special education initial aid equals the sum of:

(1) the ~~lesser~~ least of 62 percent of the district's old formula special education expenditures for the prior fiscal year, excluding pupil transportation expenditures, 50 percent of the district's nonfederal special education expenditures for the prior year, excluding pupil transportation expenditures, or 56 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:

(i) the product of the district's average daily membership served and the sum of:

(A) \$450; plus

(B) \$400 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(C) .008 times the district's average daily membership served; plus

(ii) \$10,400 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(iii) \$18,000 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iv) \$27,000 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind; plus

(2) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 46. Minnesota Statutes 2013 Supplement, section 125A.76, subdivision 2b, is amended to read:

Subd. 2b. **Cross subsidy reduction aid.** For fiscal years 2014 and 2015, the cross subsidy reduction aid for a school district, not including a charter school, equals the lesser of (a) the product

of the cross subsidy reduction aid limit and the district's average daily membership served or (b) the sum of the product of the cross subsidy reduction aid percentage, the district's average daily membership served, and the sum of:

(1) \$450; plus

(2) \$400 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(3) .008 times the district's average daily membership served; plus the product of the cross subsidy aid percentage and the sum of:

(i) \$10,100 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(ii) \$17,500 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iii) \$26,000 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 47. Minnesota Statutes 2013 Supplement, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. **Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education ~~initial~~ aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current

fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 48. Minnesota Statutes 2013 Supplement, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue,

~~minus~~ transportation sparsity revenue ~~minus~~, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding alternative teacher compensation revenue, ~~minus~~ referendum equalization aid ~~minus~~, transportation sparsity revenue ~~minus~~, and operating capital revenue.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 49. Minnesota Statutes 2013 Supplement, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial Excess cost aid.** For fiscal year 2016 and later, a district's ~~initial~~ excess cost aid equals the greater of:

- (1) 56 percent of the difference between (i) the district's unreimbursed nonfederal special education expenditures and (ii) 7.0 percent of the district's general revenue;
- (2) 62 percent of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 2.5 percent of the district's general revenue; or
- (3) zero.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 50. Minnesota Statutes 2013 Supplement, section 125A.79, subdivision 8, is amended to read:

Subd. 8. **Out-of-state tuition.** For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under section 125A.155, the resident school district shall ~~submit the balance~~ receive special education out-of-state tuition aid equal to the amount of the tuition bills, minus (1) the general education revenue, excluding basic skills revenue and the local optional levy attributable to the pupil, calculated using the resident district's average general education revenue per adjusted pupil unit, and (2) the referendum equalization aid attributable to the pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit ~~minus~~, and (3) the special education ~~contracted services initial revenue aid~~ attributable to the pupil.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 51. Minnesota Statutes 2013 Supplement, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center or an alternative learning program approved by the commissioner under sections 123A.05 and 123A.06, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 4, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, more than 850 hours in a school year for a kindergarten student without a disability in an all-day kindergarten program, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily

membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; and (iii) the greater of 425 850 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 850 for a kindergarten student without a disability; and (iv) ~~the greater of 425 hours or the number of hours required for a half-time kindergarten student without a disability in the district to 425 for a half-day kindergarten student without a disability.~~ Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. A student in kindergarten or grades 1 through 12 must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in a state-approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For a state-approved alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent

study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

Sec. 52. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) A school district's extended time revenue for fiscal year 2014 is equal to the product of \$4,601 and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8. A school district's extended time revenue for fiscal year 2015 and later is equal to the product of \$5,017 and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, and other programming authorized under the learning year program.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to revenue for fiscal year 2014 and later.

Sec. 53. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2d, is amended to read:

Subd. 2d. **Declining enrollment revenue.** (a) A school district's declining enrollment revenue equals the greater of zero or the product of: (1) 28 percent of the formula allowance for that year and (2) the difference between the adjusted pupil units for the preceding year and the adjusted pupil units for the current year.

(b) Notwithstanding paragraph (a), for fiscal years 2015, 2016, and 2017 only, a pupil enrolled at the Crosswinds school shall not generate declining enrollment revenue for the district or charter school in which the pupil was last counted in average daily membership.

Sec. 54. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2015 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted ~~marginal~~ cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$14,500~~ \$14,500 for fiscal year 2015, \$15,315 for fiscal year 2016, and \$15,043 for fiscal year 2017 and later.

Sec. 55. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times \$14.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's ~~resident adjusted~~ pupil units times the difference between ten percent of the statewide average amount of referendum revenue per ~~resident adjusted~~ pupil unit for that year and the district's referendum revenue per ~~resident adjusted~~ pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) A school district's additional equity revenue equals \$50 times its adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 56. Minnesota Statutes 2012, section 126C.10, subdivision 25, is amended to read:

Subd. 25. **Regional equity gap.** The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per adjusted ~~marginal-cost~~ pupil unit and the value of the school district at or immediately above the 95th percentile of adjusted general revenue per adjusted ~~marginal-cost~~ pupil unit.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 57. Minnesota Statutes 2012, section 126C.10, subdivision 26, is amended to read:

Subd. 26. **District equity gap.** A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the value of the school district at or immediately above the regional 95th percentile of adjusted general revenue per adjusted ~~marginal-cost~~ pupil unit.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 58. Minnesota Statutes 2012, section 126C.10, subdivision 28, is amended to read:

Subd. 28. **Equity region.** For the purposes of computing equity revenue under subdivision 24, a district with its administrative office located in ~~Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County on January 1, 2012,~~ with any of its area located within the seven-county metropolitan area is part of the metro equity region. All other districts are part of the rural equity region.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 59. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 31, is amended to read:

Subd. 31. **Transition revenue.** (a) A district's transition allowance equals the sum of the transition revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.10, subdivisions 31, 31a, and 31c, and the greater of zero or the difference between:

(1) the sum of:

(i) the general education revenue the district would have received for fiscal year 2015 according to Minnesota Statutes 2012, section 126C.10;

(ii) the integration revenue the district received for fiscal year 2013 under Minnesota Statutes 2012, section 124D.86;

(iii) the pension adjustment the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 127A.50;

(iv) the special education aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.76; and

(v) the special education excess cost aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 125A.79; and

(2) the sum of the district's:

(i) general education revenue for fiscal year 2015 excluding transition revenue under this section;

(ii) achievement and integration revenue for fiscal year 2015 under section 124D.862; and

(iii) special education aid for fiscal year 2015 under section 125A.76; and

(iv) alternative teacher compensation revenue for fiscal year 2015 under section 122A.415,

divided by the number of adjusted pupil units for fiscal year 2015.

(b) A district's transition revenue for fiscal year 2015 and later equals the product of the district's transition allowance times the district's adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 60. Minnesota Statutes 2013 Supplement, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy, the second tier referendum equalization levy, and the third tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$880,000.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$510,000.

(d) A district's third tier referendum equalization levy equals the district's third tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to \$290,000.

Sec. 61. Minnesota Statutes 2013 Supplement, section 126C.17, subdivision 7b, is amended to read:

Subd. 7b. **Referendum aid guarantee.** (a) Notwithstanding subdivision 7, the sum of a district's referendum equalization aid and local optional aid under section 126C.10, subdivision 2e, for fiscal year 2015 must not be less than the sum of the referendum equalization aid the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 7, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c).

(b) Notwithstanding subdivision 7, the sum of referendum equalization aid and local optional aid under section 126C.10, subdivision 2e, for fiscal year 2016 and later, for a district qualifying for additional aid under paragraph (a) for fiscal year 2015, must not be less than the product of (1) the district's referendum equalization aid for fiscal year 2015, times (2) the lesser of one or the ratio of the district's referendum revenue for that school year to the district's referendum revenue for fiscal year 2015, times (3) the lesser of one or the ratio of the district's referendum market value used for fiscal year 2015 referendum equalization calculations to the district's referendum market value used for that year's referendum equalization calculations.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 62. Minnesota Statutes 2013 Supplement, section 126C.17, subdivision 9, is amended to read:

Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under subdivision 11, paragraph (a), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per adjusted pupil unit. The ballot may state a schedule, determined by the board, of increased revenue per adjusted pupil unit that differs from year to year over the number of years for which the increased revenue is authorized or may state that the amount shall increase annually by the rate of inflation. For this purpose, the rate of inflation shall be the annual inflationary increase calculated under subdivision 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The ballot, including a ballot on the question to revoke or reduce the increased revenue amount under paragraph (c), must abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section 275.60 may be modified to read, in cases of renewing existing levies at the same amount per pupil as in the previous year:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED TO EXPIRE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per adjusted pupil unit times the adjusted pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum extends an existing operating referendum at the same amount per pupil as in the previous year."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke or reduce the revenue amount must state the amount per ~~resident marginal cost~~ adjusted pupil unit by which the authority is to be reduced. Revenue authority approved by the voters of the district pursuant to paragraph (a) must be available to the school district at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the

board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 63. Minnesota Statutes 2013 Supplement, section 126C.17, subdivision 9a, is amended to read:

Subd. 9a. **Board-approved referendum allowance.** Notwithstanding subdivision 9, a school district may convert up to \$300 per adjusted pupil unit of referendum authority from voter approved to board approved by a board vote. A district with less than \$300 per adjusted pupil unit of referendum authority after the local optional revenue subtraction under subdivision 1 may authorize new referendum authority up to the difference between \$300 per adjusted pupil unit and the district's referendum authority. The board may authorize this levy for up to five years and may subsequently reauthorize that authority in increments of up to five years.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 64. Minnesota Statutes 2013 Supplement, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. **To lease building or land.** (a) When an independent or a special school district or a group of independent or special school districts finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be

in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed ~~\$162~~ \$212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the Department of Education after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years;
- (2) the purpose of the increased levy is in the long-term public interest;
- (3) the purpose of the increased levy promotes collocation of government services; and
- (4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

(h) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. This authority must not exceed ~~\$46~~ \$65 times the adjusted pupil units of the member districts. This authority is in addition to any other authority authorized under this section.

(i) In addition to the allowable capital levies in paragraph (a), for taxes payable in 2012 to 2023, a district that is a member of the "Technology and Information Education Systems" data processing joint board, that finds it economically advantageous to enter into a lease agreement to finance improvements to a building and land for a group of school districts or special school districts for staff development purposes, may levy for its portion of lease costs attributed to the district within the total levy limit in paragraph (e). The total levy authority under this paragraph shall not exceed \$632,000.

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

EFFECTIVE DATE. This section is effective for taxes payable in 2015 and later.

Sec. 65. Minnesota Statutes 2013 Supplement, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$36 multiplied by the district's adjusted pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district;

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; or

(9) to pay costs for colocating and collaborating with mental health professionals who are not district employees or contractors.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed ~~\$10~~ \$15 times the adjusted ~~marginal-cost~~ pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

EFFECTIVE DATE. This section is effective for taxes payable in fiscal year 2015 and later.

Sec. 66. Minnesota Statutes 2013 Supplement, section 126C.48, subdivision 8, is amended to read:

Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values must reduce the levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the sum of the previous year's revenue specified under this clause and the amount attributable to the same production year distributed to the cities and townships within the school district under section 298.28, subdivision 2, paragraph (c).

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision, except that payments under sections 298.28, subdivision 7a, and 298.292, subdivision 2, clause (6), may reduce the debt service levy by more than 50 percent. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

Sec. 67. Minnesota Statutes 2012, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the electronic funds transfer method due to documented extenuating circumstances.

(d) The current year aid payment percentage equals ~~73 in fiscal year 2010 and 70 in fiscal year 2011, and 60 in fiscal years 2012 and later~~ 90.

Sec. 68. Minnesota Statutes 2013 Supplement, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (c), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where

the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

(f) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (e), the district of residence must pay tuition equal to at least between 90 and 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 69. Minnesota Statutes 2012, section 127A.49, subdivision 2, is amended to read:

Subd. 2. **Abatements.** Whenever by virtue of chapter 278, sections 270C.86, 375.192, or otherwise, the net tax capacity or referendum market value of any district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 126C.46. The amount of the abatement adjustment must be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy in the third preceding year according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

~~(H)~~ (J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

~~(H)~~ (K) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

~~(K)~~ (L) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy in the third preceding December, plus or minus auditor's adjustments.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 70. Minnesota Statutes 2012, section 127A.49, subdivision 3, is amended to read:

Subd. 3. **Excess tax increment.** (a) If a return of excess tax increment is made to a district pursuant to sections 469.176, subdivision 2, and 469.177, subdivision 9, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(b) An amount must be subtracted from the district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the district, times

(2) the ratio of:

(i) the sum of the amounts of the district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(A) section 123B.57, if the district received health and safety aid according to that section for the second preceding year;

(B) section 124D.20, if the district received aid for community education programs according to that section for the second preceding year;

(C) section 124D.135, subdivision 3, if the district received early childhood family education aid according to section 124D.135 for the second preceding year;

(D) section 126C.17, subdivision 6, if the district received referendum equalization aid according to that section for the second preceding year;

(E) section 126C.10, subdivision 13a, if the district received operating capital aid according to section 126C.10, subdivision 13b, in the second preceding year;

(F) section 126C.10, subdivision 29, if the district received equity aid according to section 126C.10, subdivision 30, in the second preceding year;

(G) section 126C.10, subdivision 32, if the district received transition aid according to section 126C.10, subdivision 33, in the second preceding year;

(H) section 123B.53, subdivision 5, if the district received debt service equalization aid according to section 123B.53, subdivision 6, in the second preceding year;

(I) section 123B.535, subdivision 4, if the district received natural disaster debt service equalization aid according to section 123B.535, subdivision 5, in the second preceding year;

~~(H)~~ (J) section 124D.22, subdivision 3, if the district received school-age care aid according to section 124D.22, subdivision 4, in the second preceding year;

~~(J)~~ (K) section 123B.591, subdivision 3, if the district received deferred maintenance aid according to section 123B.591, subdivision 4, in the second preceding year; and

~~(K)~~ (L) section 126C.10, subdivision 35, if the district received alternative teacher compensation equalization aid according to section 126C.10, subdivision 36, paragraph (a), in the second preceding year; to

(ii) the total amount of the district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(c) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment; and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district must use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

(d) This subdivision applies only to the total amount of excess increments received by a district for a calendar year that exceeds \$25,000.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 71. Minnesota Statutes 2013 Supplement, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value

for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

(1) improving the quality of and access to education at all points from preschool through graduate education;

(2) improving preparation for, and transitions to, postsecondary education and work; ~~and~~

(3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and

(4) realigning the governance and administrative structures of early education, kindergarten through grade 12, and postsecondary systems in Minnesota.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes;

(2) evaluate the effectiveness of educational and workforce programs; and

(3) evaluate the relationship between education and workforce outcomes.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System inform public policy and decision-making. The SLEDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Sec. 72. Minnesota Statutes 2012, section 129C.10, subdivision 3, is amended to read:

Subd. 3. Powers and duties of board. (a) The board has the powers necessary for the care, management, and control of the Perpich Center for Arts Education and any other school authorized in this chapter, and all its their real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the Center for Arts Education and any other school authorized in this chapter.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance. The board must adopt internal procedures to administer and monitor aids and grants.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board must educate pupils with artistic talent by providing:

(1) an interdisciplinary academic and arts program for pupils in the 11th and 12th grades. The total number of pupils accepted under this clause and clause (2) shall not exceed 310;

(2) additional instruction to pupils for a 13th grade. Pupils eligible for this instruction are those enrolled in 12th grade who need extra instruction and who apply to the board, or pupils enrolled in the 12th grade who do not meet learner outcomes established by the board;

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

(4) summer arts institutes for pupils in grades 9 to 12;

(5) artist mentor and extension programs in regional sites; and

(6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Perpich Center for Arts Education and any additional facilities related to the center, including the authority to lease a temporary facility.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of education for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or service cooperatives to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the Center for Arts Education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the Center for Arts Education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the commissioner of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the Center for Arts Education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils. If the board provides room and board, it shall charge a reasonable fee for the room and board. The fee is not subject to chapter 14 and is not a prohibited fee according to sections 123B.34 to 123B.39.

(o) The board may establish and set fees for services and programs. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 123B.38.

(p) The board may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

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

Sec. 73. Minnesota Statutes 2012, section 129C.10, is amended by adding a subdivision to read:

Subd. 5a. Interdistrict voluntary integration magnet program. Notwithstanding Minnesota Rules, parts 3535.0110 and 3535.0150, the board may establish and operate an interdistrict integration magnet program according to section 129C.30. For fiscal year 2016 and later, the board must have an approved achievement and integration plan and budget under section 124D.861.

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

Sec. 74. **[129C.30] CROSSWINDS INTEGRATION MAGNET SCHOOL.**

Subdivision 1. Definitions. (a) The following terms having the meanings given them for this chapter.

(b) "Board" means the board of directors of the Perpich Center for Arts Education.

(c) "Crosswinds school" means the Crosswinds school in Woodbury operated during the 2012-2013 school year by Joint Powers District No. 6067, East Metro Integration District.

Subd. 2. Board to operate the Crosswinds school. The board may operate the Crosswinds school with the powers and duties granted to it under this chapter. A student may apply to the Crosswinds school under section 124D.03 and the Crosswinds school may accept students under that section.

Subd. 3. General education funding. (a) General education revenue must be paid to the Crosswinds school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product

of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment, basic skills revenue, extended time revenue, pension adjustment revenue, and transition revenue as though the school were a school district. The general education revenue for each extended time pupil unit equals \$4,794.

(b) General education revenue under paragraph (a) must be reduced by an amount equal to 75 percent of the school's equity revenue for that year.

Subd. 4. **Special education funding.** Special education aid must be paid to the Crosswinds school according to sections 125A.76 and 125A.79, as though it were a school district. The special education aid paid to the Crosswinds school shall be adjusted as follows:

(1) if the Crosswinds school does not receive general education revenue on behalf of the student according to subdivision 3, the aid shall be adjusted as provided in section 125A.11; or

(2) if the Crosswinds school receives general education revenue on behalf of the student according to subdivision 3, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to (d).

Subd. 5. **Pupil transportation.** For fiscal year 2015 only, a member district of Joint Powers District No. 6067, East Metro Integration District must transport pupils enrolled at the Crosswinds school in the same manner as they were transported in fiscal year 2014. Pupil transportation expenses under this section are reimbursable under section 124D.87.

Subd. 6. **Achievement and integration aid.** For fiscal year 2016 and later, the Crosswinds school is eligible for achievement and integration aid under section 124D.862 as if it were a school district.

Subd. 7. **Other aids, grants, revenue.** (a) The Crosswinds school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C as though it were a district.

(b) Notwithstanding paragraph (a), the Crosswinds school may not receive aid, a grant, or revenue if a levy is required to obtain the money, or if the aid, grant, or revenue replaces levy revenue that is not general education revenue, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) In the year-end report to the commissioner of education, the Crosswinds school shall report the total amount of funds received from grants and other outside sources.

Subd. 8. **Year-round programming.** The Crosswinds school may operate as a flexible learning year program under sections 124D.12 to 124D.127.

Subd. 9. **Data requirements.** The commissioner of education shall require the Crosswinds school to follow the budget and accounting procedures required for school districts and the Crosswinds school shall report all data to the Department of Education in the form and manner required by the commissioner.

Sec. 75. Minnesota Statutes 2013, section 298.28, subdivision 7a, as added by Laws 2014, chapter 150, article 6, section 13, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** The following amounts must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

- (1) ten cents per taxable ton of the tax imposed under section 298.24;
- (2) the amount as determined under section 298.17, paragraph (b), clause (3); and
- (3) for distributions in 2015 through 2017, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

Expenditures from this account shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other disbursement as approved by the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after December 7, 2009; and (2) approved by the commissioner of education pursuant to section 123B.71.

Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

No expenditure under this section shall be made unless approved by seven members of the Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective for production year 2014 and thereafter.

Sec. 76. Laws 2013, chapter 116, article 1, section 58, subdivision 2, is amended to read:

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

	6,051,766,000		
\$	<u>6,851,419,000</u>	.....	2014
	6,370,640,000		
\$	<u>6,440,407,000</u>	.....	2015

The 2014 appropriation includes ~~\$781,842,000~~ \$780,156,000 for 2013 and ~~\$5,269,924,000~~ \$6,071,263,000 for 2014.

The 2015 appropriation includes ~~\$823,040,000~~ \$589,095,000 for 2014 and ~~\$5,547,600,000~~ \$5,851,312,000 for 2015.

Sec. 77. Laws 2013, chapter 116, article 3, section 37, subdivision 15, is amended to read:

Subd. 15. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

\$	4,125,000	2014
----	-----------	-------	------

	4,125,000		
\$	<u>6,125,000</u>	.....	2015

Up to \$4,125,000 ~~each in the first year and \$6,125,000 in the second year~~ is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota Reading Corps program established by ServeMinnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6. Up to \$2,000,000 in fiscal year 2015 must be used to support priority and focus schools as defined by the Department of Education and to expand kindergarten programming.

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

The base for fiscal year 2016 and later is \$4,125,000.

Sec. 78. Laws 2013, chapter 116, article 5, section 31, subdivision 8, is amended to read:

Subd. 8. **Special education paperwork cost savings.** For the contract to effect special education paperwork cost savings under Minnesota Statutes, section 125A.08, subdivision 2, paragraph (c):

\$	1,763,000	2014
----	-----------	-------	------

For a transfer to MNIT. This appropriation is available in fiscal year 2015 if ~~not expended~~.

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

Sec. 79. Laws 2013, chapter 116, article 7, section 21, subdivision 2, is amended to read:

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

\$	13,032,000	.....	2014
	13,293,000		
\$	<u>16,185,000</u>	.....	2015

Sec. 80. Laws 2013, chapter 116, article 7, section 21, subdivision 3, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

	5,711,000		
\$	<u>5,308,000</u>	.....	2014
	6,022,000		
\$	<u>6,176,000</u>	.....	2015

Sec. 81. Laws 2013, chapter 116, article 8, section 5, subdivision 2, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

	10,095,000		
\$	<u>10,458,000</u>	.....	2014

\$ ~~10,159,000~~
13,529,000 2015

The 2014 appropriation includes \$1,372,000 for 2013 and ~~\$8,723,000~~ \$9,086,000 for 2014.

The 2015 appropriation includes ~~\$1,372,000~~ \$1,009,000 for 2014 and ~~\$8,787,000~~ \$12,520,000 for 2015.

Sec. 82. Laws 2013, chapter 116, article 8, section 5, 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:

\$ ~~22,078,000~~
22,797,000 2014

\$ ~~22,425,000~~
30,905,000 2015

The 2014 appropriation includes \$3,008,000 for 2013 and ~~\$19,070,000~~ \$19,789,000 for 2014.

The 2015 appropriation includes ~~\$3,001,000~~ \$2,198,000 for 2014 and ~~\$19,424,000~~ \$28,707,000 for 2015.

Sec. 83. Laws 2013, chapter 116, article 8, section 5, subdivision 8, is amended to read:

Subd. 8. **Early childhood education scholarships.** For transfer to the Office of Early Learning for early learning scholarships under Minnesota Statutes, section 124D.165:

\$ 23,000,000 2014

\$ ~~23,000,000~~
31,800,000 2015

Up to \$950,000 each year is for administration of this program.

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

The base for fiscal year 2016 and later is \$29,650,000.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 84. Laws 2013, chapter 116, article 8, section 5, subdivision 9, is amended to read:

Subd. 9. **Parent-child home program.** For a grant to the parent-child home program:

\$ 250,000 2014

\$ ~~250,000~~ 350,000 2015

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must expand to one additional urban and one additional rural program location for fiscal years 2014 and 2015. The base for fiscal year 2016 and later is \$250,000.

Sec. 85. Laws 2013, chapter 116, article 8, section 5, subdivision 14, is amended to read:

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

	47,005,000		
\$	<u>48,776,000</u>	.....	2014
	48,145,000		
\$	<u>48,415,000</u>	.....	2015

The 2014 appropriation includes ~~\$6,284,000~~ \$6,278,000 for 2013 and ~~\$40,721,000~~ \$42,498,000 for 2014.

The 2015 appropriation includes ~~\$6,409,000~~ \$4,722,000 for 2014 and ~~\$41,736,000~~ \$43,693,000 for 2015.

Sec. 86. Laws 2013, chapter 116, article 9, section 2, is amended to read:

Sec. 2. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	11,749,000	.....	2014
	11,664,000		
\$	<u>11,964,000</u>	.....	2015

\$85,000 of the fiscal year 2014 appropriation is for costs associated with upgrading kitchen facilities. Any balance in the first year does not cancel but is available in the second year.

Sec. 87. FISCAL YEAR 2015 LEASE LEVY AUTHORITY.

(a) Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e), for taxes payable in 2015, a district may apply to the commissioner in a manner consistent with Minnesota Statutes, section 126C.40, subdivision 1, paragraph (a), to levy an amount not to exceed \$50 times the adjusted pupil units for fiscal year 2015.

(b) Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, paragraph (h), for taxes payable in 2015, a school district that is a member of an intermediate school district may include in its authority under this section the costs associated with leases of administrative and classroom space for intermediate school district programs. Authority under this paragraph must not exceed \$19 times the adjusted pupil units of the member districts and is in addition to any other authority authorized under this section.

(c) A levy made under this section must be used for purposes consistent with Minnesota Statutes, section 126C.40, subdivision 1, and be recognized as revenue in fiscal year 2015.

Sec. 88. HARAMBEE COMMUNITY SCHOOL TRANSITION.

Subdivision 1. Student enrollment. A student enrolled in the Harambee community school during the 2013-2014 school year may continue to enroll in the Harambee community school in any

subsequent year. For the 2014-2015 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue, literacy aid, and alternative compensation revenue.** For the 2014-2015 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the Harambee community school based on the fall 2013 enrollment counts.

Subd. 3. **Year-round programming.** Harambee community school may operate as a flexible learning year program under Minnesota Statutes, sections 124D.12 to 124D.127.

Subd. 4. **Pupil transportation.** The board may transport pupils enrolled in the 2013-2014 school year to and from the Harambee community school in succeeding school years regardless of the students' districts of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

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

Sec. 89. INFORMATION TECHNOLOGY CERTIFICATION PARTNERSHIPS; REQUEST FOR PROPOSAL; PROGRAM REQUIREMENTS.

(a) The commissioner shall contract with at least one provider to provide information technology education opportunities to students in grades 9 through 12. This partnership must allow participating students and teachers to secure broad-based information technology certifications.

(b) The commissioner shall issue a competitive request for proposals, award the contract, and make available, through participating school districts, charter schools, and intermediate districts, instruction on information technology skills and competencies that are essential for career and college readiness. The request for proposals shall at least include the following components:

- (1) a research-based curriculum;
- (2) online access to the curriculum;
- (3) instructional software for classroom and student use;
- (4) certification of skills and competencies in a broad array of information technology-related skill areas;
- (5) professional development for teachers; and
- (6) deployment and program support, including, but not limited to, integration with academic standards under Minnesota Statutes, section 120B.021 or 120B.022.

(c) If the contract awarded under this section does not allow for the service to be delivered in every eligible school, the commissioner shall make the contracted service available on a first-come, first-served basis to an equal number of schools in each of the regions represented by a regional development commission under Minnesota Statutes, section 462.387, and in the region consisting of counties not represented by a regional development commission. If participating schools in any region do not exhaust the services allocated to that region, the commissioner may reallocate unused services to other regions.

Sec. 90. LEASE LEVY; SATELLITE TRANSPORTATION HUB FOR ROSEMOUNT-APPLE VALLEY-EAGAN SCHOOL DISTRICT.

Notwithstanding Minnesota Statutes, section 126C.40, subdivision 1, Independent School District No. 196, Rosemount-Apple Valley-Eagan, may lease a satellite transportation hub under Minnesota Statutes, section 126C.40, subdivision 1, if the district can demonstrate to the satisfaction of the commissioner of education that the satellite transportation hub will result in a significant financial savings. Levy authority under this section shall not exceed the total levy authority under Minnesota Statutes, section 126C.40, subdivision 1, paragraph (e).

EFFECTIVE DATE. This section is effective for taxes payable in 2015 and later.

Sec. 91. LEGISLATIVE REPORT ON K-12 STUDENTS' EXPERIENCE WITH PHYSICAL EDUCATION.

(a) The commissioner of education must prepare and submit to the education policy and finance committees of the legislature by January 15, 2015, a written report on K-12 students' experience with physical education, consistent with this section. Among other physical education-related issues, the report must include:

(1) the number of minutes per day and frequency per week students in each grade level, kindergarten through grade 8, receive physical education, identify the requirements in high school physical education in terms of semesters, trimesters, quarters, or school years;

(2) the measures and data used to assess students' level of fitness and the uses made of the fitness data;

(3) the educational preparation of physical education instructors and the proportion of time certified physical education teachers provide physical education instruction;

(4) the amount of time and number of days per week each grade level, kindergarten through grade 6, receives recess;

(5) whether high school students are allowed to substitute other activities for required physical education, and, if so, which activities qualify;

(6) identify the number or percentage of high school students who earn required physical education credits online;

(7) whether schools offer before or after school physical activities opportunities in each grade level, kindergarten through grade 8, and in high school, and, if so, what are the opportunities; and

(8) the extent to which schools coordinate with developmentally adaptive physical education specialists when needed.

(b) Any costs of preparing this report must be paid for out of the Department of Education's current operating budget.

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

Sec. 92. RECIPROCITY AGREEMENT EXEMPTION; HENDRICKS.

Notwithstanding Minnesota Statutes, sections 124D.04, subdivision 6, paragraph (b); 124D.041, subdivision 3, paragraph (b); and 124D.05, subdivision 2a, the provisions of Minnesota Statutes, section 124D.041 and the agreement shall not apply to Independent School District No. 402, Hendricks.

EFFECTIVE DATE. This section is effective for the 2014-2015 school year and later.

Sec. 93. **TEACHER DEVELOPMENT AND EVALUATION REVENUE.**

(a) For fiscal year 2015 only, teacher development and evaluation revenue for a school district, intermediate school district, or charter school that does not have an alternative professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2, equals \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year. Revenue under this section must be reserved for teacher development and evaluation activities consistent with Minnesota Statutes, section 122A.40, subdivision 8, or Minnesota Statutes, section 122A.41, subdivision 5. For the purposes of this section, "teacher" has the meaning given it in Minnesota Statutes, section 122A.40, subdivision 1, or Minnesota Statutes, section 122A.41, subdivision 1.

(b) Notwithstanding paragraph (a), the state total teacher development and evaluation revenue entitlement must not exceed \$10,000,000 for fiscal year 2015. The commissioner must limit the amount of revenue under this section so as not to exceed this limit.

Sec. 94. **TRANSITION REQUIREMENTS; CROSSWINDS SCHOOL.**

Subdivision 1. **Student enrollment.** Any student enrolled in the Crosswinds school during the 2013-2014 school year may continue to enroll in the Crosswinds school in any subsequent year. For the 2014-2015 school year and later, a student may apply for enrollment to the school under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue, literacy aid, and alternative compensation revenue.** For the 2014-2015 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the Crosswinds school based on the October 1, 2013, enrollment counts at that site.

Subd. 3. **Title 1 funding.** To the extent possible, the Department of Education must qualify the Crosswinds school for Title 1, and if applicable, other federal funding, as if the program were still operated by Joint Powers District No. 6067, East Metro Integration District.

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

Sec. 95. **VISION THERAPY PILOT PROJECT.**

Subdivision 1. **Establishment.** A three-year grant program is established to fund vision therapy pilot projects in up to two school districts.

Subd. 2. **Pilot project.** In each year of the pilot project, second and third grade students identified by a set of criteria by the pilot school shall be admitted into the pilot study. Identified students shall have a comprehensive eye examination with written standard requirements of testing. Students identified with a diagnosis of convergence insufficiency must undergo a vision efficiency evaluation by a licensed optometrist or ophthalmologist trained in the evaluation of learning-related vision problems. The results of this examination shall determine whether a student will qualify for neuro-optometric vision therapy funded by the grant. The parent or guardian of a student who qualifies for the pilot program under this paragraph may submit a written notification to the school opting the student out of the program. Guidelines must be established to provide quality standards and measures to ensure an appropriate diagnosis and treatment plan that is consistent with the convergence insufficiency treatment trial study.

Subd. 3. **Application.** The applicant school district must submit a plan to the commissioner of education in the form and manner the commissioner determines. A charter school is not eligible to apply. The application must include:

- (1) the school that will implement the pilot project;
- (2) who will provide the comprehensive eye exam, visual efficiency evaluation, and the neuro-optometric vision therapy treatment along with appropriate licensure;
- (3) how the vision and reading skills of students participating in the program will be evaluated before and after vision therapy;
- (4) how students' progress will be monitored during and after receiving neuro-optometric vision therapy; and
- (5) what additional reading interventions will be available to students after completion of the neuro-optometric vision therapy program.

Subd. 4. **Application review; grant awards.** (a) Grant money must be paid to the recipient districts in the 2014-2015, 2015-2016, and 2016-2017 school years.

- (b) The grant is awarded for a three-year time period.
- (c) The commissioner shall oversee the grant distribution.
- (d) A grant shall be awarded to Independent School District No. 12, Centennial, provided the district meets the application requirements in subdivision 3.
- (e) A grant shall be awarded to an applicant district with its administrative offices not located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or a city of the first class.

Subd. 5. **Evaluation.** The commissioner of education must provide for an evaluation of the pilot project and must report to the legislative committees with jurisdiction over kindergarten through grade 12 education policy and finance by January 15, 2018.

Sec. 96. APPROPRIATION; RESPONSES TO HEALTH INSURANCE TRANSPARENCY ACT BID REQUESTS.

(a) \$294,000 is appropriated for fiscal year 2015 from the general fund to the commissioner of management and budget to comply with the requirements relating to health insurance transparency similar to those proposed in Senate File 1835, if enacted in the 2014 regular legislative session. This is a onetime appropriation.

(b) If a bill meeting the requirements of paragraph (a) is enacted, the commissioner of management and budget shall report by January 15, 2015, to the legislative chairs and ranking minority members with jurisdiction over state government finance on the ongoing costs incurred by the public employees insurance program in compliance with the requirements of the Health Insurance Transparency Act and may request additional appropriations, if necessary.

Sec. 97. 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 year designated.

Subd. 2. **Headwaters Science Center.** For a grant to the Headwaters Science Center for hands-on science, technology, engineering, and math (STEM) education.

\$ 50,000 2015

The base for fiscal year 2016 and later is \$0.

Subd. 3. **The Works Museum.** For a grant to the Works Museum for hands-on science, technology, engineering, and math (STEM) education.

\$ 75,000 2015

The base for fiscal year 2016 and later is \$0.

Subd. 4. **Northwestern Online College in the High School program.** For the Northwestern Online College in the High School program:

\$ 160,000 2015

The base for fiscal year 2016 and later is \$0.

Subd. 5. **Information technology certification partnership.** For an information technology certification partnership.

\$ 340,000 2015

The base for 2016 and later is \$0.

Subd. 6. **Grants for vision therapy pilot project.** For grants to implement a neuro-optometric vision therapy pilot project:

\$ 500,000 2015

This appropriation is available until expended.

The base for fiscal year 2016 and later is \$0.

Subd. 7. **Legislative report on K-12 students' experience with physical education.** For the preparation of the legislative report on K-12 students' experience with physical education.

\$ 73,000 2015

The base for fiscal year 2016 and later is \$0.

Subd. 8. **Teacher development and evaluation.** For teacher development and evaluation revenue.

\$ 9,000,000 2015

The 2015 appropriation includes \$0 for 2014 and \$9,000,000 for 2015. This is a onetime appropriation and is available until expended.

Subd. 9. **Saint Paul Promise Neighborhood.** For a grant to the Saint Paul Promise Neighborhood.

\$ 600,000 2015

(a) Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for Saint Paul Promise Neighborhood programming and services consistent with federal Promise Neighborhood program agreements and requirements.

(b) The Saint Paul Promise Neighborhood shall submit a report on January 15, 2016, to the chairs of the legislative committees with jurisdiction over early childhood through grade 12 education policy and finance. The report, at a minimum, must summarize program activities, specify performance measures, and analyze program outcomes.

(c) The base appropriation for fiscal year 2016 is \$0.

Subd. 10. **Northside Achievement Zone.** For a grant to the Northside Achievement Zone.

\$ 600,000 2015

(a) Funds appropriated in this section are to reduce multigenerational poverty and the educational achievement gap through increased enrollment of families within the zone, and may be used for Northside Achievement Zone programming and services consistent with federal Promise Neighborhood program agreements and requirements. The base appropriation for fiscal year 2016 is \$0.

(b) The Northside Achievement Zone shall submit a report to the chairs of the legislative committees with jurisdiction over early childhood through grade 12 education policy and finance that, at a minimum, summarizes program activities, specifies performance measures, and analyzes program outcomes. The report must be submitted by January 15, 2016.

Sec. 98. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes, the revisor of statutes shall change the term "location equity" to "local optional."

Sec. 99. **REPEALER.**

Minnesota Statutes 2012, section 123B.71, subdivision 1, is repealed.

ARTICLE 13

FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2013, chapter 116, article 1, section 58, subdivision 3, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$ 44,000
37,000 2014

	48,000		
\$	<u>40,000</u>	.....	2015

Sec. 2. Laws 2013, chapter 116, article 1, section 58, subdivision 4, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	2,747,000		
\$	<u>2,876,000</u>	.....	2014
	3,136,000		
\$	<u>3,103,000</u>	.....	2015

The 2014 appropriation includes \$301,000 for 2013 and ~~\$2,446,000~~ \$2,575,000 for 2014.

The 2015 appropriation includes ~~\$385,000~~ \$286,000 for 2014 and ~~\$2,751,000~~ \$2,817,000 for 2015.

Sec. 3. Laws 2013, chapter 116, article 1, section 58, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

	472,000		
\$	<u>585,000</u>	.....	2014
	480,000		
\$	<u>254,000</u>	.....	2015

The 2014 appropriation includes \$40,000 for 2013 and ~~\$432,000~~ \$545,000 for 2014.

The 2015 appropriation includes ~~\$68,000~~ \$60,000 for 2014 and ~~\$412,000~~ \$194,000 for 2015.

Sec. 4. Laws 2013, chapter 116, article 1, section 58, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

	15,582,000		
\$	<u>16,068,000</u>	.....	2014
	16,169,000		
\$	<u>16,074,000</u>	.....	2015

The 2014 appropriation includes \$2,099,000 for 2013 and ~~\$13,483,000~~ \$13,969,000 for 2014.

The 2015 appropriation includes ~~\$2,122,000~~ \$1,552,000 for 2014 and ~~\$14,047,000~~ \$14,522,000 for 2015.

Sec. 5. Laws 2013, chapter 116, article 1, section 58, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

	18,565,000		
\$	<u>18,566,000</u>	.....	2014
	18,946,000		
\$	<u>17,646,000</u>	.....	2015

The 2014 appropriation includes \$2,668,000 for 2013 and ~~\$15,897,000~~ \$15,898,000 for 2014.

The 2015 appropriation includes ~~\$2,502,000~~ \$1,766,000 for 2014 and ~~\$16,444,000~~ \$15,880,000 for 2015.

Sec. 6. Laws 2013, chapter 116, article 1, section 58, subdivision 11, is amended to read:

Subd. 11. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

	4,320,000		
\$	<u>3,959,000</u>	.....	2014
	5,680,000		
\$	<u>5,172,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2014 and ~~\$4,320,000~~ \$3,959,000 for 2015.

The 2015 appropriation includes ~~\$680,000~~ \$439,000 for 2014 and ~~\$5,000,000~~ \$4,733,000 for 2015.

B. EDUCATION EXCELLENCE

Sec. 7. Laws 2013, chapter 116, article 3, section 37, subdivision 3, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

	58,911,000		
\$	<u>55,609,000</u>	.....	2014
	68,623,000		
\$	<u>62,692,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2013 and ~~\$58,911,000~~ \$55,609,000 for 2014.

The 2015 appropriation includes ~~\$9,273,000~~ \$6,178,000 for 2014 and ~~\$59,350,000~~ \$56,514,000 for 2015.

Sec. 8. Laws 2013, chapter 116, article 3, section 37, subdivision 4, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

	52,514,000		
\$	<u>50,998,000</u>	.....	2014
	53,818,000		
\$	<u>47,458,000</u>	.....	2015

The 2014 appropriation includes \$6,607,000 for 2013 and ~~\$45,907,000~~ \$44,391,000 for 2014.

The 2015 appropriation includes ~~\$7,225,000~~ \$4,932,000 for 2014 and ~~\$46,593,000~~ \$42,526,000 for 2015.

Sec. 9. Laws 2013, chapter 116, article 3, section 37, subdivision 5, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

	13,968,000		
\$	<u>13,521,000</u>	.....	2014
	14,712,000		
\$	<u>14,248,000</u>	.....	2015

Sec. 10. Laws 2013, chapter 116, article 3, section 37, subdivision 6, is amended to read:

Subd. 6. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

	2,137,000		
\$	<u>2,214,000</u>	.....	2014
\$	2,137,000	.....	2015

The 2014 appropriation includes \$290,000 for 2013 and ~~\$1,847,000~~ \$1,924,000 for 2014.

The 2015 appropriation includes ~~\$290,000~~ \$213,000 for 2014 and ~~\$1,847,000~~ \$1,924,000 for 2015.

Sec. 11. Laws 2013, chapter 116, article 3, section 37, subdivision 8, is amended to read:

Subd. 8. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	2,080,000		
\$	<u>2,144,000</u>	.....	2014
	2,230,000		
\$	<u>2,152,000</u>	.....	2015

The 2014 appropriation includes \$266,000 for 2013 and ~~\$1,814,000~~ \$1,878,000 for 2014.

The 2015 appropriation includes ~~\$285,000~~ \$208,000 for 2014 and ~~\$1,945,000~~ \$1,944,000 for 2015.

Sec. 12. Laws 2013, chapter 116, article 3, section 37, subdivision 20, is amended to read:

Subd. 20. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	60,340,000		
\$	<u>71,599,000</u>	.....	2015

The 2015 appropriation includes \$0 for 2014 and ~~\$59,711,000~~ \$71,599,000 for 2015.

C. CHARTER SCHOOLS

Sec. 13. Laws 2013, chapter 116, article 4, section 9, 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:

	54,484,000		
\$	<u>54,763,000</u>	.....	2014
	59,533,000		
\$	<u>58,294,000</u>	.....	2015

The 2014 appropriation includes \$6,819,000 for 2013 and ~~\$47,665,000~~ \$47,944,000 for 2014.

The 2015 appropriation includes ~~\$7,502,000~~ \$5,327,000 for 2014 and ~~\$52,031,000~~ \$52,967,000 for 2015.

D. SPECIAL PROGRAMS

Sec. 14. Laws 2013, chapter 116, article 5, section 31, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	997,725,000		
\$	<u>1,038,514,000</u>	.....	2014
	1,108,211,000		
\$	<u>1,111,641,000</u>	.....	2015

The 2014 appropriation includes \$118,232,000 for 2013 and ~~\$802,884,000~~ \$920,282,000 for 2014.

The 2015 appropriation includes ~~\$169,929,000~~ \$129,549,000 for 2014 and ~~\$938,282,000~~ \$982,092,000 for 2015.

Sec. 15. Laws 2013, chapter 116, article 5, section 31, subdivision 3, is amended to read:

Subd. 3. **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:

	1,655,000		
\$	<u>1,548,000</u>	.....	2014
	1,752,000		
\$	<u>1,674,000</u>	.....	2015

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

Sec. 16. Laws 2013, chapter 116, article 5, section 31, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

	345,000		
\$	<u>351,000</u>	.....	2014
	355,000		
\$	<u>346,000</u>	.....	2015

The 2014 appropriation includes \$45,000 for 2013 and ~~\$300,000~~ \$306,000 for 2014.

The 2015 appropriation includes ~~\$47,000~~ \$33,000 for 2014 and ~~\$308,000~~ \$313,000 for 2015.

Sec. 17. Laws 2013, chapter 116, article 5, section 31, subdivision 5, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

	42,030,000		
\$	<u>42,016,000</u>	.....	2014

The 2014 appropriation includes ~~\$42,030,000~~ \$42,016,000 for 2013 and \$0 for 2014.

E. FACILITIES AND TECHNOLOGY

Sec. 18. Laws 2013, chapter 116, article 6, section 12, 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:

	463,000		
\$	<u>473,000</u>	.....	2014
	434,000		
\$	<u>651,000</u>	.....	2015

The 2014 appropriation includes \$26,000 for 2013 and ~~\$437,000~~ \$447,000 for 2014.

The 2015 appropriation includes ~~\$68,000~~ \$49,000 for 2014 and ~~\$366,000~~ \$602,000 for 2015.

Sec. 19. Laws 2013, chapter 116, article 6, section 12, subdivision 3, is amended to read:

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

	19,083,000		
\$	<u>19,778,000</u>	.....	2014
	25,060,000		
\$	<u>22,591,000</u>	.....	2015

The 2014 appropriation includes \$2,397,000 for 2013 and ~~\$16,686,000~~ \$17,381,000 for 2014.

The 2015 appropriation includes ~~\$2,626,000~~ \$1,931,000 for 2014 and ~~\$22,434,000~~ \$20,660,000 for 2015.

Sec. 20. Laws 2013, chapter 116, article 6, section 12, subdivision 4, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

	19,287,000		
\$	<u>19,982,000</u>	.....	2014
\$	19,287,000	.....	2015

The 2014 appropriation includes \$2,623,000 for 2013 and ~~\$16,664,000~~ \$17,359,000 for 2014.

The 2015 appropriation includes ~~\$2,623,000~~ \$1,928,000 for 2014 and ~~\$16,664,000~~ \$17,359,000 for 2015.

Sec. 21. Laws 2013, chapter 116, article 6, section 12, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

	3,564,000		
\$	<u>3,858,000</u>	.....	2014
	3,730,000		
\$	<u>4,024,000</u>	.....	2015

The 2014 appropriation includes \$456,000 for 2013 and ~~\$3,108,000~~ \$3,402,000 for 2014.

The 2015 appropriation includes ~~\$489,000~~ \$378,000 for 2014 and ~~\$3,241,000~~ \$3,646,000 for 2015.

F. NUTRITION AND LIBRARIES

Sec. 22. Laws 2013, chapter 116, article 7, section 21, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	1,039,000		
\$	<u>992,000</u>	.....	2014
	1,049,000		
\$	<u>1,002,000</u>	.....	2015

Sec. 23. Laws 2013, chapter 116, article 7, section 21, subdivision 6, is amended to read:

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

	13,570,000		
\$	<u>14,058,000</u>	.....	2014
	13,570,000		
\$	<u>13,570,000</u>	.....	2015

The 2014 appropriation includes \$1,845,000 for 2013 and ~~\$11,725,000~~ \$12,213,000 for 2014.

The 2015 appropriation includes ~~\$1,845,000~~ \$1,357,000 for 2014 and ~~\$11,725,000~~ \$12,213,000 for 2015.

Sec. 24. Laws 2013, chapter 116, article 7, section 21, subdivision 7, is amended to read:

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

	1,300,000		
\$	<u>1,346,000</u>	.....	2014
\$	1,300,000	.....	2015

The 2014 appropriation includes \$176,000 for 2013 and ~~\$1,124,000~~ \$1,170,000 for 2014.

The 2015 appropriation includes ~~\$176,000~~ \$130,000 for 2014 and ~~\$1,124,000~~ \$1,170,000 for 2015.

Sec. 25. Laws 2013, chapter 116, article 7, section 21, subdivision 9, is amended to read:

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

	2,300,000		
\$	<u>2,382,000</u>	.....	2014
\$	2,300,000	.....	2015

The 2014 appropriation includes \$312,000 for 2013 and ~~\$1,988,000~~ \$2,070,000 for 2014.

The 2015 appropriation includes ~~\$312,000~~ \$230,000 for 2014 and ~~\$1,988,000~~ \$2,070,000 for 2015.

G. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING

Sec. 26. Laws 2013, chapter 116, article 8, section 5, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,421,000		
\$	<u>3,527,000</u>	.....	2014
	3,344,000		
\$	<u>3,330,000</u>	.....	2015

The 2014 appropriation includes \$474,000 for 2013 and ~~\$2,947,000~~ \$3,053,000 for 2014.

The 2015 appropriation includes ~~\$463,000~~ \$339,000 for 2014 and ~~\$2,881,000~~ \$2,991,000 for 2015.

Sec. 27. Laws 2013, chapter 116, article 8, section 5, subdivision 10, is amended to read:

Subd. 10. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

	935,000		
\$	<u>955,000</u>	.....	2014
	1,056,000		
\$	<u>1,060,000</u>	.....	2015

The 2014 appropriation includes \$118,000 for 2013 and ~~\$817,000~~ \$837,000 for 2014.

The 2015 appropriation includes ~~\$128,000~~ \$93,000 for 2014 and ~~\$928,000~~ \$967,000 for 2015.

Sec. 28. Laws 2013, chapter 116, article 8, section 5, subdivision 11, is amended to read:

Subd. 11. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

	710,000		
\$	<u>735,000</u>	.....	2014
\$	710,000	.....	2015

The 2014 appropriation includes \$96,000 for 2013 and ~~\$614,000~~ \$639,000 for 2014.

The 2015 appropriation includes ~~\$96,000~~ \$71,000 for 2014 and ~~\$614,000~~ \$639,000 for 2015.

ARTICLE 14

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2013, chapter 108, articles 14 and 15, to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment unless a different effective date is explicit.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 2. COMMISSIONER OF HUMAN SERVICES

<u>Subdivision 1. Total Appropriation</u>	<u>(1,873,000)</u>	<u>93,149,000</u>
---	--------------------	-------------------

The appropriation modifications for each purpose are shown in the following subdivisions.

	<u>Appropriations by Fund</u>	
	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>(1,873,000)</u>	<u>92,247,000</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>902,000</u>

Subd. 2. Central Office Operations

(a) Operations -0- 99,000

Base adjustment. The general fund base is increased by \$222,000 in fiscal year 2016 and decreased by \$26,000 in fiscal year 2017.

(b) Health Care -0- 113,000

Base adjustment. The general fund base is increased by \$112,000 in fiscal years 2016 and 2017.

(c) Continuing Care -0- 108,000

Base adjustment. The general fund base is decreased by \$83,000 in fiscal year 2016 and \$108,000 in fiscal year 2017.

(d) Chemical and Mental Health -0- 150,000

\$35,000 in fiscal year 2015 is to develop an online training program to promote better clarity and interpretation of the civil commitment laws for interested individuals and personnel, specifically county and hospital staff and mental health providers, to understand, clarify, and interpret the Civil Commitment Act under Minnesota Statutes, chapter 253B, as it pertains to persons with mental illnesses. The training must be developed in collaboration with the ombudsman for mental health and developmental disabilities, Minnesota County Attorneys Association, National Alliance on Mental Illness of Minnesota, Mental Health Consumer/Survivor Network of Minnesota,

Mental Health Association, Minnesota Psychiatric Society, Hennepin Commitment Defense Panel, Minnesota Disability Law Center, Minnesota Association of Community Mental Health Programs, Minnesota Hospital Association, and Minnesota Board of Public Defense. This is a onetime appropriation.

Base adjustment. The general fund base is decreased by \$150,000 in fiscal years 2016 and 2017.

Subd. 3. Forecasted Programs

(a) MFIP/DWP

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>-0-</u>	<u>122,000</u>
<u>Federal TANF</u>	<u>-0-</u>	<u>550,000</u>

(b) General Assistance -0- 21,000

(c) Group Residential Housing -0- 681,000

(d) MinnesotaCare -0- -0-

The forecast amounts in fiscal years 2016 and 2017 for the low-income uninsured children's health program under Minnesota Statutes, section 256L.30, must be from the general fund.

(e) Medical Assistance (1,858,000) 83,258,000

(f) Alternative Care -0- 965,000

Subd. 4. Grant Programs

(a) Children's Services Grants -0- (3,000)

Base adjustment. The general fund base is increased by \$9,000 in fiscal year 2017.

(b) Child and Economic Support Grants -0- 1,500,000

\$500,000 is for the safe harbor shelter and housing fund for housing and supportive services for youth who are sexually exploited.

\$1,000,000 is for purposes of the Homeless Youth Act under Minnesota Statutes, section 256K.45. This appropriation is available until expended.

(c) Aging and Adult Services Grants (15,000) 1,212,000

\$250,000 in fiscal year 2015 is for the Minnesota Board on Aging for congregate dining services under Minnesota Statutes, section 256.9752. This is a onetime appropriation and is available until expended.

Base adjustment. The general fund base is decreased by \$5,000 in fiscal year 2016 and increased by \$8,000 in fiscal year 2017.

(d) Deaf and Hard-of-Hearing Grants -0- 81,000

Base adjustment. The general fund base is increased by \$9,000 in fiscal years 2016 and 2017.

(e) Disabilities Grants -0- 1,267,000

Base adjustment. The general fund base is increased by \$281,000 in fiscal year 2016 and \$292,000 in fiscal year 2017.

(f) Adult Mental Health Grants -0- 1,000,000

This appropriation is for intensive community rehabilitation services through April 30, 2016.

Base adjustment. The general fund base is decreased by \$247,000 in fiscal year 2016 and \$1,000,000 in fiscal year 2017.

Subd. 5. State-Operated Services

(a) SOS Mental Health -0- 423,000

Base adjustment. The general fund base is increased by \$107,000 in fiscal years 2016 and 2017.

(b) SOS Enterprise Services -0- -0-

Community Addiction Recovery Enterprise deficiency funding.

Notwithstanding Minnesota Statutes, section 254B.06, subdivision 1, \$4,000,000 is transferred in fiscal years 2014 and 2015 only from the consolidated chemical dependency treatment fund administrative account in the special revenue fund and deposited into the enterprise fund for the Community Addiction Recovery Enterprise. This paragraph is effective the day following final enactment.

Subd. 6. Sex Offender Program -0- 1,250,000

Court-ordered experts. \$1,250,000 in fiscal year 2014 is for the commissioner to comply with the United States District Court order of February 20, 2014, in the matter of Karsjens et al. v. Jesson et al. For purposes of Minnesota Statutes, section 246B.10, activities funded by this appropriation are not considered part of the cost of care. This appropriation is onetime and is available until June 30, 2017. This paragraph expires June 30, 2017.

Base adjustment. The general fund base is decreased by \$1,250,000 in fiscal years 2016 and 2017.

Subd. 7. Technical Activities -0- 352,000

This appropriation is from the federal TANF fund.

Base adjustment. The federal TANF fund base is increased by \$684,000 in fiscal year 2016 and \$1,207,000 in fiscal year 2017.

Sec. 3. COMMISSIONER OF HEALTH.

Subdivision 1. Total Appropriation \$ 767,000 \$ 3,757,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	<u>950,000</u>	<u>4,035,000</u>
State Government		
Special Revenue	<u>817,000</u>	<u>722,000</u>
Health Care Access	<u>(1,000,000)</u>	<u>(1,000,000)</u>

Subd. 2. Health Improvement

<u>Appropriations by Fund</u>		
<u>General</u>	<u>(25,000)</u>	<u>2,025,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>14,000</u>

\$1,000,000 of the general fund appropriation is for grants for comprehensive services, including trauma-informed, culturally specific services, for youth who are sexually exploited. The commissioner may use up to 6.5 percent of these funds, not to exceed \$100,000, for the administration of these grants.

\$100,000 of the general fund appropriation in fiscal year 2015 is for a grant to a Somali-based health care organization located in Minnesota. The grant must be used to address health inequities experienced by first generation Somali women by creating cultural awareness and education for health care professionals and the Somali community. The information developed must be culturally specific in order to improve Somali women's access to maternal health and preventive care; reduce infant mortality; and increase health literacy. The grant recipient must use community-based participatory research focusing on Somali women centered programs, and must develop a culturally appropriate methodology to measure program effectiveness in achieving better health outcomes for Somali women. The grant recipient must report the organization's outcomes in terms of developing best practices for providing culturally appropriate health care to the commissioner by September 1, 2016. This is a onetime appropriation.

Healthy Housing Grants. (a) \$100,000 of the general fund appropriation in fiscal year 2015 is for education and training grants under Minnesota Statutes, section 144.9513, subdivision 3.

(b) \$300,000 of the general fund appropriation in fiscal year 2015 is for

healthy homes implementation grants under Minnesota Statutes, section 144.9513, subdivision 4.

(c) \$100,000 of the general fund appropriation in fiscal year 2015 is for lead poisoning prevention activities under Minnesota Statutes, sections 144.9501 to 144.9512.

(d) No more than one full-time employee may be hired to administer the grants under Minnesota Statutes, section 144.9513.

Home Visiting Pilot Project for Highest Risk Families. \$400,000 in fiscal year 2015 is for a pilot project to expand evidence-based high-quality home visiting, focusing on the youngest children living in the highest risk families receiving assistance through the Minnesota family investment program under Minnesota Statutes, chapter 256J, in communities served by two counties, one county in the seven-county metropolitan area and one nonmetropolitan county. The commissioner of health shall consult with the commissioner of human services and the commissioner of education on the administration of the pilot program. The commissioner of health shall provide a formative evaluation of the pilot project to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 1, 2016. The evaluation must include the identification of populations being served, including geographic area, risk factors, and demographics; and strategies being used to coordinate health, social services, and other community resources. This is a onetime appropriation and is available until expended.

Base Level Adjustment. The general fund base is decreased by \$550,000 in fiscal year 2016 and \$500,000 in fiscal year 2017. The state government special revenue fund base is decreased by \$11,000 in fiscal years 2016 and 2017.

Subd. 3. Policy Quality and Compliance

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>-0-</u>	<u>2,010,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>48,000</u>
<u>Health Care Access</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>

Health Care Grants for Uninsured Individuals. (a) \$100,000 of the general fund appropriation in fiscal year 2015 is for dental provider grants in article 20, section 7, subdivision 1. This is a onetime appropriation and is available until expended.

(b) \$350,000 of the general fund appropriation in fiscal year 2015 is for community mental health program grants in article 20, section 7, subdivision 2. This is a onetime appropriation and is available until expended.

(c) \$1,200,000 of the general fund appropriation in fiscal year 2015 is for the emergency medical assistance outlier grant program in article 20, section 7, subdivision 3. This is a onetime appropriation and is available until expended.

(d) \$350,000 of the general fund appropriation in fiscal year 2015 is for community health center grants under Minnesota Statutes, section 145.9269. A community health center that receives a grant from this appropriation is not eligible for a grant under paragraph (b). This is a onetime appropriation and is available until expended.

(e) The commissioner may use up to one percent of the appropriations for health care grants for uninsured individuals in fiscal year 2015 only for grant administration.

Base level adjustment. The general fund base is decreased by \$2,000,000 in fiscal years 2016 and 2017.

Subd. 4. Health Protection

817,000

648,000

This appropriation is from the state government special revenue fund.

Subd. 5. Administrative Support Services

<u>Appropriations by Fund</u>	
<u>General</u>	<u>975,000</u> <u>-0-</u>
<u>State Government</u>	
<u>Special Revenue</u>	<u>-0-</u> <u>12,000</u>

Lawsuit settlement. The general fund appropriation in fiscal year 2014 is a onetime appropriation for the cost of settling the lawsuit Bearder v. State of Minnesota.

Base adjustment. The state government special revenue fund base is increased by \$19,000 in fiscal years 2016 and 2017.

Sec. 4. OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES. \$ -0- \$ 150,000

Sec. 5. Laws 2013, chapter 1, section 6, as amended by Laws 2013, chapter 108, article 6, section 32, is amended to read:

Sec. 6. TRANSFER.

(a) The commissioner of management and budget shall transfer from the health care access fund to the general fund up to \$21,319,000 in fiscal year 2014; up to \$42,314,000 in fiscal year 2015; up to \$56,147,000 in fiscal year 2016; and up to \$64,683,000 in fiscal year 2017.

(b) The commissioner of human services shall determine the difference between the actual or forecasted cost to the medical assistance program of adding 19- and 20-year-olds and parents and relative caretaker populations with income between 100 and 138 percent of the federal poverty guidelines and the cost of adding those populations that was estimated during the 2013 legislative session based on the data from the February 2013 forecast.

(c) For each fiscal year from 2014 to 2017, the commissioner of human services shall certify and report to the commissioner of management and budget the actual or ~~forecasted~~ estimated cost difference of adding 19- and 20-year-olds and parents and relative caretaker populations with income between 100 and 138 percent of the federal poverty guidelines, as determined under paragraph (b), to the commissioner of management and budget at least four weeks prior to the release of a forecast under Minnesota Statutes, section 16A.103, of each fiscal year.

(d) ~~No later than three weeks before the release of the forecast~~ For fiscal years 2014 to 2017, forecasts under Minnesota Statutes, section 16A.103, prepared by the commissioner of management and budget shall ~~reduce the~~ include actual or estimated adjustments to health care access fund ~~transfer transfers~~ in paragraph (a), by the cumulative differences in costs reported by the commissioner of human services under ~~according to paragraph (c)~~ (e). If, for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is positive,

~~no change is made to the appropriation. If, for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is less than the amount of the original appropriation, the appropriation for that year must be zero.~~

(e) For each fiscal year from 2014 to 2017, the commissioner of management and budget must adjust the transfer amounts in paragraph (a) by the cumulative difference in costs reported by the commissioner of human services under paragraph (c). If, for any fiscal year, the amount of the cumulative difference in costs reported under paragraph (c) is positive, no adjustment shall be made.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 6. Laws 2013, chapter 108, article 14, section 2, subdivision 3, is amended to read:

Subd. 3. TANF Transfer to Federal Child Care and Development Fund

(a) The following TANF fund amounts are appropriated to the commissioner for purposes of MFIP/transition year child care assistance under Minnesota Statutes, section 119B.05:

(1) fiscal year 2014; \$14,020,000; ~~and~~

(2) fiscal year 2015, ~~—\$14,020,000;~~
\$14,372,000;

(3) fiscal year 2016; \$1,378,000; and

(4) fiscal year 2017; \$3,378,000.

(b) The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

Sec. 7. Laws 2013, chapter 108, article 14, section 2, subdivision 5, is amended to read:

Subd. 5. Forecasted Programs

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

(a) MFIP/DWP

	Appropriations by Fund	
General	72,583,000	76,927,000
Federal TANF	80,342,000	76,851,000

(b) MFIP Child Care Assistance	61,701,000	69,294,000
(c) General Assistance	54,787,000	56,068,000

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 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than \$6,729,812 in fiscal year 2014 and \$6,729,812 in fiscal year 2015. Funds to counties shall be allocated by the commissioner using the allocation method in Minnesota Statutes, section 256D.06.

(d) MN Supplemental Assistance	38,646,000	39,821,000
(e) Group Residential Housing	141,138,000	150,988,000
(f) MinnesotaCare	297,707,000	247,284,000

This appropriation is from the health care access fund.

(g) Medical Assistance

Appropriations by Fund

General	4,443,768,000	4,431,612,000
Health Care Access	179,550,000	226,081,000

Spending to be apportioned. The commissioner shall apportion expenditures under this paragraph consistent with the requirements of section 12.

Support Services for Deaf and Hard-of-Hearing. \$121,000 in fiscal year 2014 and \$141,000 in fiscal year 2015; and \$10,000 in fiscal year 2014 and \$13,000 in fiscal year 2015 are from the health care

access fund for the hospital reimbursement increase in Minnesota Statutes, section 256.969, subdivision 29, paragraph (b).

Disproportionate Share Payments.

Effective for services provided on or after July 1, 2011, through June 30, 2015, the commissioner of human services shall deposit, in the health care access fund, additional federal matching funds received under Minnesota Statutes, section 256B.199, paragraph (e), as disproportionate share hospital payments for inpatient hospital services provided under MinnesotaCare to lawfully present noncitizens who are not eligible for MinnesotaCare with federal financial participation due to immigration status. The amount deposited shall not exceed \$2,200,000 for the time period specified.

Funding for Services Provided to EMA Recipients. \$2,200,000 in fiscal year 2014 is from the health care access fund to provide services to emergency medical assistance recipients under Minnesota Statutes, section 256B.06, subdivision 4, paragraph (l). This is a onetime appropriation and is available in either year of the biennium.

Base level adjustment. For fiscal years 2016 and 2017 only, the health care access fund base for medical assistance is \$221,035,000 in fiscal year 2016 and \$221,035,000 in fiscal year 2017.

(h) Alternative Care

50,776,000

54,922,000

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.

(i) CD Treatment Fund

81,440,000

74,875,000

Balance Transfer. The commissioner must transfer \$18,188,000 from the consolidated chemical dependency treatment fund to the general fund by September 30, 2013.

Sec. 8. Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended by Laws 2013, chapter 144, section 25, is amended to read:

Subd. 6. Grant Programs

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

(a) Support Services Grants

	Appropriations by Fund	
General	8,915,000	13,333,000
Federal TANF	94,611,000	94,611,000

Paid Work Experience. \$2,168,000 each year in fiscal years 2015 and 2016 is from the general fund for paid work experience for long-term MFIP recipients. Paid work includes full and partial wage subsidies and other related services such as job development, marketing, preworksites training, job coaching, and postplacement services. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Work Study Funding for MFIP Participants. \$250,000 each year in fiscal years 2015 and 2016 is from the general fund to pilot work study jobs for MFIP recipients in approved postsecondary education programs. This is a onetime appropriation. Unexpended funds for fiscal year 2015 do not cancel, but are available for this purpose in fiscal year 2016.

Local Strategies to Reduce Disparities. \$2,000,000 each year in fiscal years 2015 and 2016 is from the general fund for local projects that focus on services for subgroups within the MFIP caseload who are experiencing poor employment outcomes. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Home Visiting Collaborations for MFIP Teen Parents. \$200,000 per year in fiscal years 2014 and 2015 is from the general fund and \$200,000 in fiscal year 2016 is from the federal TANF fund for technical assistance and training to support local collaborations that provide home visiting services for MFIP teen parents. The general fund appropriation is onetime. The federal TANF fund appropriation is added to the base.

Performance Bonus Funds for Counties. The TANF fund base is increased by \$1,500,000 each year in fiscal years 2016 and 2017. The commissioner must allocate this amount each year to counties that exceed their expected range of performance on the annualized three-year self-support index as defined in Minnesota Statutes, section 256J.751, subdivision 2, clause (6). This is a permanent base adjustment. Notwithstanding any contrary provisions in this article, this provision expires June 30, 2016.

Base Adjustment. The general fund base is decreased by \$200,000 in fiscal year 2016 and \$4,618,000 in fiscal year 2017. The TANF fund base is increased by \$1,700,000 in fiscal years 2016 and 2017.

(b) Basic Sliding Fee Child Care Assistance Grants	36,836,000	42,318,000
---	------------	------------

Base Adjustment. The general fund base is increased by \$3,778,000 in fiscal year 2016 and by \$3,849,000 in fiscal year 2017.

(c) Child Care Development Grants	1,612,000	1,737,000
--	-----------	-----------

(d) Child Support Enforcement Grants	50,000	50,000
---	--------	--------

Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315, is appropriated to the commissioner for this activity.

(e) Children's Services Grants

	Appropriations by Fund	
General	49,760,000	52,961,000
Federal TANF	140,000	140,000

Adoption Assistance and Relative Custody Assistance. ~~\$37,453,000~~ \$36,456,000 in fiscal year 2014 and ~~\$37,453,000~~ \$36,855,000 in fiscal year 2015 is for the adoption assistance and relative custody assistance programs. The commissioner shall determine with the commissioner of Minnesota Management and Budget the appropriation for Northstar Care for Children effective January 1, 2015. The commissioner may transfer appropriations for adoption assistance, relative custody assistance, and Northstar Care for Children between fiscal years and among programs to adjust for transfers across the programs.

Title IV-E Adoption Assistance. Additional federal reimbursements to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance are appropriated for postadoption services, including a parent-to-parent support network.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2014 and 2015 for adoption incentive grants are appropriated for postadoption services, including a parent-to-parent support network.

Base Adjustment. The general fund base is increased by \$5,913,000 in fiscal year 2016 and by \$10,297,000 in fiscal year 2017.

(f) Child and Community Service Grants	53,301,000	53,301,000
---	------------	------------

(g) Child and Economic Support Grants	21,047,000	20,848,000
--	------------	------------

Minnesota Food Assistance Program.

Unexpended funds for the Minnesota food assistance program for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Transitional Housing. \$250,000 each year is for the transitional housing programs under Minnesota Statutes, section 256E.33.

Emergency Services. \$250,000 each year is for emergency services grants under Minnesota Statutes, section 256E.36.

Family Assets for Independence. \$250,000 each year is for the Family Assets for Independence Minnesota program. This appropriation is available in either year of the biennium and may be transferred between fiscal years.

Food Shelf Programs. \$375,000 in fiscal year 2014 and \$375,000 in fiscal year 2015 are for food shelf programs under Minnesota Statutes, section 256E.34. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Notwithstanding Minnesota Statutes, section 256E.34, subdivision 4, no portion of this appropriation may be used by Hunger Solutions for its administrative expenses, including but not limited to rent and salaries.

Homeless Youth Act. \$2,000,000 in fiscal year 2014 and \$2,000,000 in fiscal year 2015 is for purposes of Minnesota Statutes, section 256K.45.

Safe Harbor Shelter and Housing. \$500,000 in fiscal year 2014 and \$500,000 in fiscal year 2015 is for a safe harbor shelter and housing fund for housing and supportive services for youth who are sexually exploited.

High-risk adults. \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the

demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.

(h) Health Care Grants

Appropriations by Fund		
General	190,000	190,000
Health Care Access	190,000	190,000

Emergency Medical Assistance Referral and Assistance Grants. (a) The commissioner of human services shall award grants to nonprofit programs that provide immigration legal services based on indigency to provide legal services for immigration assistance to individuals with emergency medical conditions or complex and chronic health conditions who are not currently eligible for medical assistance or other public health care programs, but who may meet eligibility requirements with immigration assistance.

(b) The grantees, in collaboration with hospitals and safety net providers, shall provide referral assistance to connect individuals identified in paragraph (a) with alternative resources and services to assist in meeting their health care needs. \$100,000 is appropriated in fiscal year 2014 and \$100,000 in fiscal year 2015. This is a onetime appropriation.

Base Adjustment. The general fund is decreased by \$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017.

(i) Aging and Adult Services Grants 14,827,000 15,010,000

Base Adjustment. The general fund is increased by \$1,150,000 in fiscal year 2016 and \$1,151,000 in fiscal year 2017.

Community Service Development Grants and Community Services Grants. Community service development grants and community services grants are reduced by

\$1,150,000 each year. This is a onetime reduction.

(j) Deaf and Hard-of-Hearing Grants	1,771,000	1,785,000
(k) Disabilities Grants	18,605,000	18,823,000

Advocating Change Together. \$310,000 in fiscal year 2014 is for a grant to Advocating Change Together (ACT) to maintain and promote services for persons with intellectual and developmental disabilities throughout the state. This appropriation is onetime. Of this appropriation:

(1) \$120,000 is for direct costs associated with the delivery and evaluation of peer-to-peer training programs administered throughout the state, focusing on education, employment, housing, transportation, and voting;

(2) \$100,000 is for delivery of statewide conferences focusing on leadership and skill development within the disability community; and

(3) \$90,000 is for administrative and general operating costs associated with managing or maintaining facilities, program delivery, staff, and technology.

Base Adjustment. The general fund base is increased by \$535,000 in fiscal year 2016 and by \$709,000 in fiscal year 2017.

(l) Adult Mental Health Grants

	Appropriations by Fund	
General	71,199,000	69,530,000
Health Care Access	750,000	750,000
Lottery Prize	1,733,000	1,733,000

Compulsive Gambling Treatment. Of the general fund appropriation, \$602,000 in fiscal year 2014 and \$747,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (c).

Problem Gambling. \$225,000 in fiscal year 2014 and \$225,000 in fiscal year 2015 is appropriated from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling.

Funding Usage. Up to 75 percent of a fiscal year's appropriations for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

Base Adjustment. The general fund base is decreased by \$4,427,000 in fiscal years 2016 and 2017.

Mental Health Pilot Project. \$230,000 each year is for a grant to the Zumbro Valley Mental Health Center. The grant shall be used to implement a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes and savings to the commissioner of human services by January 15, 2016. This is a onetime appropriation.

~~**High-risk adults.** \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.~~

(m) Child Mental Health Grants

18,246,000

20,636,000

Text Message Suicide Prevention Program. \$625,000 in fiscal year 2014 and \$625,000 in fiscal year 2015 is for a grant to a nonprofit organization to establish and implement a statewide text message suicide prevention program. The program shall implement a suicide prevention counseling

text line designed to use text messaging to connect with crisis counselors and to obtain emergency information and referrals to local resources in the local community. The program shall include training within schools and communities to encourage the use of the program.

Mental Health First Aid Training. \$22,000 in fiscal year 2014 and \$23,000 in fiscal year 2015 is to train teachers, social service personnel, law enforcement, and others who come into contact with children with mental illnesses, in children and adolescents mental health first aid training.

Funding Usage. Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(n) CD Treatment Support Grants

1,816,000

1,816,000

SBIRT Training. (1) \$300,000 each year is for grants to train primary care clinicians to provide substance abuse brief intervention and referral to treatment (SBIRT). This is a onetime appropriation. The commissioner of human services shall apply to SAMHSA for an SBIRT professional training grant.

(2) If the commissioner of human services receives a grant under clause (1) funds appropriated under this clause, equal to the grant amount, up to the available appropriation, shall be transferred to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS). MOFAS must use the funds for grants. Grant recipients must be selected from communities that are not currently served by federal Substance Abuse Prevention and Treatment Block Grant funds. Grant money must be used to reduce the rates of fetal alcohol syndrome and fetal alcohol effects, and the number of drug-exposed infants. Grant money may be used for prevention and intervention services and programs, including, but not limited to,

community grants, professional education, public awareness, and diagnosis.

Fetal Alcohol Syndrome Grant. \$180,000 each year from the general fund is for a grant to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) to support nonprofit Fetal Alcohol Spectrum Disorders (FASD) outreach prevention programs in Olmsted County. This is a onetime appropriation.

Base Adjustment. The general fund base is decreased by \$480,000 in fiscal year 2016 and \$480,000 in fiscal year 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 9. Laws 2013, chapter 108, article 14, section 3, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$	<u>169,326,000</u>	\$	<u>165,531,000</u>
		<u>169,026,000</u>		<u>165,231,000</u>

Appropriations by Fund

	2014	2015
General	79,476,000	74,256,000
State Government		
Special Revenue	48,094,000	50,119,000
Health Care Access	29,743,000	29,143,000
Federal TANF	11,713,000	11,713,000
Special Revenue	300,000	300,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Sec. 10. Laws 2013, chapter 108, article 14, section 3, subdivision 4, is amended to read:

Subd. 4. **Health Protection**

Appropriations by Fund

General	9,201,000	9,201,000
State Government		
Special Revenue	32,633,000	32,636,000
Special Revenue	300,000	300,000

Infectious Disease Laboratory. Of the general fund appropriation, \$200,000 in fiscal year 2014 and \$200,000 in fiscal year 2015 are to monitor infectious disease trends and investigate infectious disease outbreaks.

Surveillance for Elevated Blood Lead Levels. Of the general fund appropriation, \$100,000 in fiscal year 2014 and \$100,000 in fiscal year 2015 are for the blood lead surveillance system under Minnesota Statutes, section 144.9502.

Base Level Adjustment. The state government special revenue base is increased by \$6,000 in fiscal year 2016 and by \$13,000 in fiscal year 2017.

Sec. 11. Laws 2013, chapter 108, article 14, section 4, subdivision 8, is amended to read:

Subd. 8. Board of Nursing Home Administrators	3,742,000	2,252,000
--	-----------	-----------

Administrative Services Unit - Operating Costs. Of this appropriation, \$676,000 in fiscal year 2014 and \$626,000 in fiscal year 2015 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

Administrative Services Unit - Volunteer Health Care Provider Program. Of this appropriation, \$150,000 in fiscal year 2014 and \$150,000 in fiscal year 2015 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

Administrative Services Unit - Contested Cases and Other Legal Proceedings. Of this appropriation, \$200,000 in fiscal year 2014 and \$200,000 in fiscal year 2015 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available

to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. This appropriation does not cancel and is available until expended.

This appropriation includes \$44,000 in fiscal year 2014 for rulemaking. This is a onetime appropriation. \$1,441,000 in fiscal year 2014 and \$420,000 in fiscal year 2015 are for the development of a shared disciplinary, regulatory, licensing, and information management system. \$391,000 in fiscal year 2014 is a onetime appropriation for retirement costs in the health-related boards. This funding may be transferred to the health boards incurring retirement costs. These funds are available either year of the biennium.

This appropriation includes \$16,000 in fiscal years 2014 and 2015 for evening security, \$2,000 in fiscal years 2014 and 2015 for a state vehicle lease, and \$18,000 in fiscal years 2014 and 2015 for shared office space and administrative support. \$205,000 in fiscal year 2014 and \$221,000 in fiscal year 2015 are for shared information technology services, equipment, and maintenance.

The remaining balance of the state government special revenue fund appropriation in Laws 2011, First Special Session chapter 9, article 10, section 8, subdivision 8, for Board of Nursing Home Administrators rulemaking, estimated to be \$44,000, is canceled, and the remaining balance of the state government special revenue fund appropriation in Laws 2011, First Special Session chapter 9, article 10, section 8, subdivision 8, for electronic licensing system adaptors, estimated to be \$761,000, and for the development and implementation of a disciplinary, regulatory, licensing, and information management

system, estimated to be \$1,100,000, are canceled. This paragraph is effective the day following final enactment.

Base Adjustment. The base is decreased by \$370,000 in fiscal years 2016 and 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 12. Laws 2013, chapter 108, article 14, section 12, is amended to read:

Sec. 12. APPROPRIATION ADJUSTMENTS.

(a) The general fund appropriation in section 2, subdivision 5, paragraph (g), includes up to \$53,391,000 in fiscal year 2014; \$216,637,000 in fiscal year 2015; \$261,660,000 in fiscal year 2016; and \$279,984,000 in fiscal year 2017, for medical assistance eligibility and administration changes related to:

(1) eligibility for children age two to 18 with income up to 275 percent of the federal poverty guidelines;

(2) eligibility for pregnant women with income up to 275 percent of the federal poverty guidelines;

(3) Affordable Care Act enrollment and renewal processes, including elimination of six-month renewals, ex parte eligibility reviews, preprinted renewal forms, changes in verification requirements, and other changes in the eligibility determination and enrollment and renewal process;

(4) automatic eligibility for children who turn 18 in foster care until they reach age 26;

(5) eligibility related to spousal impoverishment provisions for waiver recipients; and

(6) presumptive eligibility determinations by hospitals.

(b) the commissioner of human services shall determine the difference between the actual or ~~forecasted~~ estimated costs to the medical assistance program attributable to the program changes in paragraph (a), clauses (1) to (6), and the costs of paragraph (a), clauses (1) to (6), that were estimated during the 2013 legislative session based on data from the 2013 February forecast. ~~The costs in this paragraph must be calculated between January 1, 2014, and June 30, 2017.~~

(c) For each fiscal year from 2014 to 2017, the commissioner of human services shall certify the actual or ~~forecasted~~ estimated cost differences to the medical assistance program determined under paragraph (b), and report the difference in costs to the commissioner of management and budget at least four weeks prior to a forecast under Minnesota Statutes, section 16A.103. ~~No later than three weeks before the release of the forecast~~ For fiscal years 2014 to 2017, forecasts under Minnesota Statutes, section 16A.103, prepared by the commissioner of management and budget shall reduce include actual or estimated adjustments to the health care access fund appropriation in section 2, subdivision 5, paragraph (g), ~~by the cumulative difference in costs determined in according to paragraph (b) (d).~~ If for any fiscal year, the amount of the cumulative cost differences determined under paragraph (b) is positive, no adjustment shall be made to the health care access fund appropriation. If for any fiscal year, the amount of the cumulative cost differences determined

~~under paragraph (b) is less than the original appropriation, the appropriation for that fiscal year is zero.~~

(d) For each fiscal year from 2014 to 2017, the commissioner of management and budget must adjust the health care access fund appropriation by the cumulative difference in costs reported by the commissioner of human services under paragraph (b). If, for any fiscal year, the amount of the cumulative difference in costs determined under paragraph (b) is positive, no adjustment shall be made to the health care access fund appropriation.

(e) This section expires on January 1, 2018.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 13. DEDICATED FUNDS REPORT.

By October 1, 2014, and with each February forecast thereafter, the commissioner of human services must provide to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over health and human services finance a report of all dedicated funds and accounts. The report must include the name of the dedicated fund or account; a description of its purpose, and the legal citation for its creation; the beginning balance, projected receipts, and expenditures; and the ending balance for each fund and account.

Sec. 14. EXPIRATION OF UNCODIFIED LANGUAGE.

All uncodified language in this article expires on June 30, 2015, unless a different expiration date is specified.

ARTICLE 15

CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2012, section 245.466, is amended by adding a subdivision to read:

Subd. 3a. **Transition plan related to termination of contract.** Counties must prepare a transition plan that provides for continuity of care in the event of contract termination with a community mental health center under section 245.715, or a community support services program under section 245.462, subdivision 6. The county shall provide at least 90 days' notice of the termination to the contracted agency and the commissioner of human services. The transition plan must provide information to clients on how to access medical records and how to transfer to other providers.

Sec. 2. Minnesota Statutes 2012, section 245A.04, is amended by adding a subdivision to read:

Subd. 15a. **Plan for transfer of clients and records upon closure.** (a) Except for child care providers, an applicant for initial or continuing licensure must submit a written plan indicating how the agency will provide for the transfer of clients and records for both open and closed cases if the agency closes. The plan must provide for managing private and confidential information concerning agency clients. The plan must also provide for notifying affected clients of the closure at least 25 days prior to closure, including information on how to access their medical records. A controlling individual of the agency must annually review and sign the plan.

(b) Plans for the transfer of open cases and case records must specify arrangements the agency will make to transfer clients to another agency or county agency for continuation of services and to transfer the case record with the client.

(c) Plans for the transfer of closed case records must be accompanied by a signed agreement or other documentation indicating that a county or a similarly licensed agency has agreed to accept and maintain the agency's closed case records and to provide follow-up services as necessary to affected clients.

Sec. 3. Minnesota Statutes 2012, section 253B.066, subdivision 1, is amended to read:

Subdivision 1. **Treatment alternatives.** If the court orders early intervention under section 253B.065, subdivision 5, the court may include in its order a variety of treatment alternatives including, but not limited to, day treatment, medication compliance monitoring, assertive community treatment, crisis assessment and stabilization, partial hospitalization, and short-term hospitalization not to exceed 21 days.

If the court orders short-term hospitalization and the proposed patient will not go voluntarily, the court may direct a health officer, peace officer, or other person to take the person into custody and transport the person to the hospital.

Sec. 4. Minnesota Statutes 2012, section 254B.12, is amended to read:

254B.12 RATE METHODOLOGY.

Subdivision 1. **CCDTF rate methodology established.** The commissioner shall establish a new rate methodology for the consolidated chemical dependency treatment fund. The new methodology must replace county-negotiated rates with a uniform statewide methodology that must include a graduated reimbursement scale based on the patients' level of acuity and complexity. At least biennially, the commissioner shall review the financial information provided by vendors to determine the need for rate adjustments.

Subd. 2. **Payment methodology for state-operated vendors.** (a) Notwithstanding subdivision 1, the commissioner shall seek federal authority to develop a separate payment methodology for chemical dependency treatment services provided under the consolidated chemical dependency treatment fund by a state-operated vendor. This payment methodology is effective for services provided on or after October 1, 2015, or on or after the receipt of federal approval, whichever is later.

(b) Before implementing an approved payment methodology under paragraph (a), the commissioner must also receive any necessary legislative approval of required changes to state law or funding.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

- (1) admitted for lawful permanent residence according to United States Code, title 8;
- (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
- (3) granted asylum according to United States Code, title 8, section 1158;
- (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
- (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);
- (7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;
- (8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or
- (9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

- (1) refugees admitted to the United States according to United States Code, title 8, section 1157;
- (2) persons granted asylum according to United States Code, title 8, section 1158;
- (3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or
- (5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

(e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

(g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) rehabilitation services;

(ix) physical, occupational, or speech therapy;

(x) transportation services;

(xi) case management;

(xii) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xiii) dental services;

(xiv) hospice care;

- (xv) audiology services and hearing aids;
- (xvi) podiatry services;
- (xvii) chiropractic services;
- (xviii) immunizations;
- (xix) vision services and eyeglasses;
- (xx) waiver services;
- (xxi) individualized education programs; or
- (xxii) chemical dependency treatment.

(i) Pregnant noncitizens who are ineligible for federally funded medical assistance because of immigration status, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance. Beginning July 1, 2014, the commissioner shall pay claims in full and subsequently bill counties for the nonfederal share of costs associated with adult mental health targeted case management services provided under this paragraph.

(k) Notwithstanding paragraph (h), clause (2), the following services are covered as emergency medical conditions under paragraph (f) except where coverage is prohibited under federal law:

(1) dialysis services provided in a hospital or freestanding dialysis facility; and

(2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment.

(l) Effective July 1, 2013, recipients of emergency medical assistance under this subdivision are eligible for coverage of the elderly waiver services provided under section 256B.0915, and coverage of rehabilitative services provided in a nursing facility. The age limit for elderly waiver services does not apply. In order to qualify for coverage, a recipient of emergency medical assistance is subject to the assessment and reassessment requirements of section 256B.0911. Initial and continued enrollment under this paragraph is subject to the limits of available funding.

Sec. 6. Minnesota Statutes 2012, section 256B.0615, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** Peer support services may be made available to consumers of (1) the intensive rehabilitative mental health services under section 256B.0622; (2) adult rehabilitative mental health services under section 256B.0623; and (3) crisis stabilization and mental health mobile crisis intervention services under section 256B.0624.

Sec. 7. Minnesota Statutes 2012, section 256B.0624, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Mental health crisis" is an adult behavioral, emotional, or psychiatric situation which, but for the provision of crisis response services, would likely result in significantly reduced levels of functioning in primary activities of daily living, or in an emergency situation, or in the placement of the recipient in a more restrictive setting, including, but not limited to, inpatient hospitalization.

(b) "Mental health emergency" is an adult behavioral, emotional, or psychiatric situation which causes an immediate need for mental health services and is consistent with section 62Q.55.

A mental health crisis or emergency is determined for medical assistance service reimbursement by a physician, a mental health professional, or crisis mental health practitioner with input from the recipient whenever possible.

(c) "Mental health crisis assessment" means an immediate face-to-face assessment by a physician, a mental health professional, or mental health practitioner under the clinical supervision of a mental health professional, following a screening that suggests that the adult may be experiencing a mental health crisis or mental health emergency situation. It includes, when feasible, assessing whether the person might be willing to voluntarily accept treatment, determining whether the person has an advance directive, and obtaining information and history from involved family members or caretakers.

(d) "Mental health mobile crisis intervention services" means face-to-face, short-term intensive mental health services initiated during a mental health crisis or mental health emergency to help the recipient cope with immediate stressors, identify and utilize available resources and strengths, engage in voluntary treatment, and begin to return to the recipient's baseline level of functioning.

(1) This service is provided on site by a mobile crisis intervention team outside of an inpatient hospital setting. Mental health mobile crisis intervention services must be available 24 hours a day, seven days a week.

(2) The initial screening must consider other available services to determine which service intervention would best address the recipient's needs and circumstances.

(3) The mobile crisis intervention team must be available to meet promptly face-to-face with a person in mental health crisis or emergency in a community setting or hospital emergency room.

(4) The intervention must consist of a mental health crisis assessment and a crisis treatment plan.

(5) The team must be available to individuals who are experiencing a co-occurring substance use disorder, who do not need the level of care provided in a detoxification facility.

~~(5)~~ (6) The treatment plan must include recommendations for any needed crisis stabilization services for the recipient, including engagement in treatment planning and family psychoeducation.

(e) "Mental health crisis stabilization services" means individualized mental health services provided to a recipient following crisis intervention services which are designed to restore the recipient to the recipient's prior functional level. Mental health crisis stabilization services may be provided in the recipient's home, the home of a family member or friend of the recipient, another community setting, or a short-term supervised, licensed residential program. Mental health

crisis stabilization does not include partial hospitalization or day treatment. Mental health crisis stabilization services includes family psychoeducation.

Sec. 8. Minnesota Statutes 2012, section 256B.0624, subdivision 5, is amended to read:

Subd. 5. **Mobile crisis intervention staff qualifications.** For provision of adult mental health mobile crisis intervention services, a mobile crisis intervention team is comprised of at least two mental health professionals as defined in section 245.462, subdivision 18, clauses (1) to (6), or a combination of at least one mental health professional and one mental health practitioner as defined in section 245.462, subdivision 17, with the required mental health crisis training and under the clinical supervision of a mental health professional on the team. The team must have at least two people with at least one member providing on-site crisis intervention services when needed. Team members must be experienced in mental health assessment, crisis intervention techniques, treatment engagement strategies, working with families, and clinical decision-making under emergency conditions and have knowledge of local services and resources. The team must recommend and coordinate the team's services with appropriate local resources such as the county social services agency, mental health services, and local law enforcement when necessary.

Sec. 9. Minnesota Statutes 2012, section 256B.0624, subdivision 6, is amended to read:

Subd. 6. **Crisis assessment and mobile intervention treatment planning.** (a) Prior to initiating mobile crisis intervention services, a screening of the potential crisis situation must be conducted. The screening may use the resources of crisis assistance and emergency services as defined in sections 245.462, subdivision 6, and 245.469, subdivisions 1 and 2. The screening must gather information, determine whether a crisis situation exists, identify parties involved, and determine an appropriate response.

(b) If a crisis exists, a crisis assessment must be completed. A crisis assessment evaluates any immediate needs for which emergency services are needed and, as time permits, the recipient's current life situation, sources of stress, mental health problems and symptoms, strengths, cultural considerations, support network, vulnerabilities, current functioning, and the recipient's preferences as communicated directly by the recipient, or as communicated in a health care directive as described in chapters 145C and 253B, the treatment plan described under paragraph (d), a crisis prevention plan, or a wellness recovery action plan.

(c) If the crisis assessment determines mobile crisis intervention services are needed, the intervention services must be provided promptly. As opportunity presents during the intervention, at least two members of the mobile crisis intervention team must confer directly or by telephone about the assessment, treatment plan, and actions taken and needed. At least one of the team members must be on site providing crisis intervention services. If providing on-site crisis intervention services, a mental health practitioner must seek clinical supervision as required in subdivision 9.

(d) The mobile crisis intervention team must develop an initial, brief crisis treatment plan as soon as appropriate but no later than 24 hours after the initial face-to-face intervention. The plan must address the needs and problems noted in the crisis assessment and include measurable short-term goals, cultural considerations, and frequency and type of services to be provided to achieve the goals and reduce or eliminate the crisis. The treatment plan must be updated as needed to reflect current goals and services.

(e) The team must document which short-term goals have been met and when no further crisis intervention services are required.

(f) If the recipient's crisis is stabilized, but the recipient needs a referral to other services, the team must provide referrals to these services. If the recipient has a case manager, planning for other services must be coordinated with the case manager. If the recipient is unable to follow up on the referral, the team must link the recipient to the service and follow up to ensure the recipient is receiving the service.

(g) If the recipient's crisis is stabilized and the recipient does not have an advance directive, the case manager or crisis team shall offer to work with the recipient to develop one.

Sec. 10. Minnesota Statutes 2012, section 256B.0624, subdivision 10, is amended to read:

Subd. 10. **Recipient file.** Providers of mobile crisis intervention or crisis stabilization services must maintain a file for each recipient containing the following information:

(1) individual crisis treatment plans signed by the recipient, mental health professional, and mental health practitioner who developed the crisis treatment plan, or if the recipient refused to sign the plan, the date and reason stated by the recipient as to why the recipient would not sign the plan;

(2) signed release forms;

(3) recipient health information and current medications;

(4) emergency contacts for the recipient;

(5) case records which document the date of service, place of service delivery, signature of the person providing the service, and the nature, extent, and units of service. Direct or telephone contact with the recipient's family or others should be documented;

(6) required clinical supervision by mental health professionals;

(7) summary of the recipient's case reviews by staff; ~~and~~

(8) any written information by the recipient that the recipient wants in the file; and

(9) an advance directive, if there is one available.

Documentation in the file must comply with all requirements of the commissioner.

Sec. 11. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 64. **Medical assistance.** Medical assistance, subject to federal approval, covers mental health intensive community rehabilitation services. This subdivision is effective no later than 120 days after federal approval.

Sec. 12. Minnesota Statutes 2012, section 256I.05, subdivision 2, is amended to read:

Subd. 2. **Monthly rates; exemptions.** ~~The maximum group residential housing rate does not apply~~ This subdivision applies to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. Notwithstanding the provisions of subdivision 1c, the rate paid to a facility reimbursed under this subdivision shall be determined under section 256B.431, or under section 256B.434 if the facility is accepted by the commissioner for participation in the alternative payment demonstration project. The rate paid to this facility shall also include

adjustments to the group residential housing rate according to subdivision 1, and any adjustments applicable to supplemental service rates statewide.

Sec. 13. DETOXIFICATION SERVICES PLAN.

The commissioner shall develop a plan to include detoxification services as a covered medical assistance benefit and present the plan to the members of the legislative committees having jurisdiction over health and human services provisions and funding by December 15, 2014.

Sec. 14. MENTALLY ILL OFFENDERS ARRESTED OR SUBJECT TO ARREST; WORKING GROUP.

Subdivision 1. **Working group established; study and draft legislation required.** The commissioner of human services may convene a working group to address issues related to offenders with mental illness who are arrested or subject to arrest. The working group shall consider the special needs of these offenders and determine how best to provide for these needs. Specifically, the group shall consider the efficacy of a facility that would serve as a central point for accepting, assessing, and addressing the needs of offenders with mental illness brought in by law enforcement as an alternative to arrest or following arrest. The facility would consolidate and coordinate existing resources as well as offer new resources that would provide a continuum of care addressing the immediate, short-term, and long-term needs of these offenders. The facility would do the following for these offenders: perform timely, credible, and useful mental health assessments; identify community placement opportunities; coordinate community care; make recommendations concerning pretrial release when appropriate; and, in some cases, provide direct services to offenders at the facility or in nearby jails. The working group shall establish criteria to determine which offenders may be admitted to the facility. The facility would be located in the metropolitan region and serve the needs of nearby counties. The facility would represent a partnership between the state, local units of government, and the private sector. In addition, the working group may consider how similar facilities could function in outstate areas. When studying this issue, the working group shall examine what other states have done in this area to determine what programs have been successful and use those programs as models in developing the program in Minnesota. The working group may also study and make recommendations on other ways to improve the process for addressing and assisting these offenders. The commissioner shall enter into an agreement with NAMI Minnesota to carry out the work of the working group.

Subd. 2. **Membership.** The commissioner shall ensure that the working group has expertise and a broad range of interests represented, including, but not limited to: prosecutors; law enforcement, including jail staff; correctional officials; community corrections staff; probation officials; criminal defense attorneys; judges; county and city officials; mental health advocates; mental health professionals; and hospital and health care officials.

Subd. 3. **Administrative issues.** (a) The commissioner shall convene the first meeting of the working group by September 1, 2014. NAMI Minnesota shall provide meeting space and administrative support to the working group. The working group shall select a chair from among its members.

(b) The commissioner may solicit in-kind support from work group member agencies to accomplish its assigned duties.

Subd. 4. **Report required.** By January 1, 2015, the working group shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and

divisions having jurisdiction over human services and public safety. The report must summarize the working group's activities and include its recommendations and draft legislation. The recommendations must be specific and include estimates of the costs involved in implementing the recommendations, including the funding sources that might be used to pay for it. The working group shall explore potential funding sources at the federal, local, and private levels, and provide this information in the report. In addition, the report must include draft legislation to implement the recommendations.

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

Sec. 15. REPORT ON RATE SETTING METHODOLOGY FOR MENTAL HEALTH SERVICES.

The commissioner of human services shall provide a report to the chairs of the Health and Human Services Finance Division by February 1, 2015, that assesses the current rate setting methodology for intensive residential treatment services (IRTS), adult crisis, and assertive community treatment (ACT). The report will include an assessment of alternative payment structures consistent with the intent and direction of the federal centers for Medicare and Medicaid services which could provide adequate reimbursement to sustain community-based mental health services regardless of geographic location. Stakeholders will be included in the development of the report and the report will also include concerns regarding payment rates for other mental health services that may require further analysis in the future.

ARTICLE 16

CHILDREN, FAMILIES, AND NORTHSTAR CARE

Section 1. Minnesota Statutes 2012, section 245C.05, subdivision 5, is amended to read:

Subd. 5. **Fingerprints.** (a) Except as provided in paragraph (c), for any background study completed under this chapter, when the commissioner has reasonable cause to believe that further pertinent information may exist on the subject of the background study, the subject shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency.

(b) For purposes of requiring fingerprints, the commissioner has reasonable cause when, but not limited to, the:

(1) information from the Bureau of Criminal Apprehension indicates that the subject is a multistate offender;

(2) information from the Bureau of Criminal Apprehension indicates that multistate offender status is undetermined; or

(3) commissioner has received a report from the subject or a third party indicating that the subject has a criminal history in a jurisdiction other than Minnesota.

(c) Except as specified under section 245C.04, subdivision 1, paragraph (d), for background studies conducted by the commissioner for child foster care or, adoptions, or a transfer of permanent legal and physical custody of a child, the subject of the background study, who is 18 years of age or older, shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency.

Sec. 2. Minnesota Statutes 2013 Supplement, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5; and

(6) for a background study related to a child foster care application for licensure, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

(c) The commissioner shall also review criminal case information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

Sec. 3. Minnesota Statutes 2012, section 245C.33, subdivision 1, is amended to read:

Subdivision 1. **Adoption and transfer of permanent legal and physical custody; Background studies conducted by commissioner study requirements.** (a) Before placement of a child for purposes of adoption, the commissioner shall conduct a background study on individuals listed in ~~section~~ sections 259.41, subdivision 3, and 260C.611, for county agencies and private agencies licensed to place children for adoption. When a prospective adoptive parent is seeking to adopt a child who is currently placed in the prospective adoptive parent's home and is under the guardianship of the commissioner according to section 260C.325, subdivision 1, paragraph (b), and the prospective adoptive parent holds a child foster care license, a new background study is not required when:

(1) a background study was completed on persons required to be studied under section 245C.03 in connection with the application for child foster care licensure after July 1, 2007;

(2) the background study included a review of the information in section 245C.08, subdivisions 1, 3, and 4; and

(3) as a result of the background study, the individual was either not disqualified or, if disqualified, the disqualification was set aside under section 245C.22, or a variance was issued under section 245C.30.

(b) Before the kinship placement agreement is signed for the purpose of transferring permanent legal and physical custody to a relative under sections 260C.503 to 260C.515, the commissioner shall conduct a background study on each person age 13 or older living in the home. When a prospective relative custodian has a child foster care license, a new background study is not required when:

(1) a background study was completed on persons required to be studied under section 245C.03 in connection with the application for child foster care licensure after July 1, 2007;

(2) the background study included a review of the information in section 245C.08, subdivisions 1, 3, and 4; and

(3) as a result of the background study, the individual was either not disqualified or, if disqualified, the disqualification was set aside under section 245C.22, or a variance was issued under section 245C.30. The commissioner and the county agency shall expedite any request for a set aside or variance for a background study required under chapter 256N.

Sec. 4. Minnesota Statutes 2012, section 245C.33, subdivision 4, is amended to read:

Subd. 4. **Information commissioner reviews.** (a) The commissioner shall review the following information regarding the background study subject:

(1) the information under section 245C.08, subdivisions 1, 3, and 4;

(2) information from the child abuse and neglect registry for any state in which the subject has resided for the past five years; and

(3) information from national crime information databases, when required under section 245C.08.

(b) The commissioner shall provide any information collected under this subdivision to the county or private agency that initiated the background study. The commissioner shall also provide the agency:

(1) notice whether the information collected shows that the subject of the background study has a conviction listed in United States Code, title 42, section 671(a)(20)(A); and

(2) for background studies conducted under subdivision 1, paragraph (a), the date of all adoption-related background studies completed on the subject by the commissioner after June 30, 2007, and the name of the county or private agency that initiated the adoption-related background study.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256B.055, subdivision 1, is amended to read:

Subdivision 1. **Children eligible for subsidized adoption assistance.** Medical assistance may be paid for a child eligible for or receiving adoption assistance payments under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, and to any child who is not title IV-E eligible but who was determined eligible for adoption assistance under chapter 256N or section 259A.10, subdivision 2, and has a special need for medical or rehabilitative care.

Sec. 6. Minnesota Statutes 2012, section 256J.49, subdivision 13, is amended to read:

Subd. 13. **Work activity.** (a) "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

- (1) unsubsidized employment, including work study and paid apprenticeships or internships;
- (2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, paid work experience, and supported work when a wage subsidy is provided;
- (3) unpaid work experience, including community service, volunteer work, the community work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided. Unpaid work experience is only an option if the participant has been unable to obtain or maintain paid employment in the competitive labor market, and no paid work experience programs are available to the participant. Prior to placing a participant in unpaid work, the county must inform the participant that the participant will be notified if a paid work experience or supported work position becomes available. Unless a participant consents in writing to participate in unpaid work experience, the participant's employment plan may only include unpaid work experience if including the unpaid work experience in the plan will meet the following criteria:
 - (i) the unpaid work experience will provide the participant specific skills or experience that cannot be obtained through other work activity options where the participant resides or is willing to reside; and
 - (ii) the skills or experience gained through the unpaid work experience will result in higher wages for the participant than the participant could earn without the unpaid work experience;
- (4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;
- (5) job readiness education, including English as a second language (ESL) or functional work literacy classes ~~as limited by the provisions of section 256J.531, subdivision 2~~, general educational development (GED) or adult high school diploma course work, high school completion, and adult basic education ~~as limited by the provisions of section 256J.531, subdivision 1~~;
- (6) job skills training directly related to employment, including postsecondary education and training that can reasonably be expected to lead to employment, ~~as limited by the provisions of section 256J.53~~;
- (7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

(b) "Work activity" does not include activities done for political purposes as defined in section 211B.01, subdivision 6.

Sec. 7. Minnesota Statutes 2012, section 256J.53, subdivision 1, is amended to read:

Subdivision 1. **Length of program.** (a) In order for a postsecondary education or training program to be an approved work activity as defined in section 256J.49, subdivision 13, clause (6), it must be a program lasting ~~24 months~~ four years or less, and the participant must meet the requirements of subdivisions 2, 3, and 5.

(b) Participants with a high school diploma, general educational development (GED) credential, or an adult high school diploma must be informed of the opportunity to participate in postsecondary education or training while in the Minnesota family investment program.

Sec. 8. Minnesota Statutes 2012, section 256J.53, subdivision 2, is amended to read:

Subd. 2. **Approval of Postsecondary education or training.** ~~(a) In order for a postsecondary education or training program to be an approved activity in an employment plan, the plan must include additional work activities if the education and training activities do not meet the minimum hours required to meet the federal work participation rate under Code of Federal Regulations, title 45, sections 261.31 and 261.35.~~

~~(b) Participants seeking approval of a postsecondary education or training plan must provide documentation that:~~

~~(1) the employment goal can only be met with the additional education or training; Participants who are interested in participating in postsecondary education or training as part of their employment plan must discuss their education plans with their job counselor. Job counselors will work with participants to evaluate the options by:~~

~~(2) (1) advising whether there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;~~

~~(3) the education or training will result in significantly higher wages for the participant than the participant could earn without the education or training;~~

~~(4) (2) assisting the participant in exploring whether the participant can meet the requirements for admission into the program; and~~

~~(5) there is a reasonable expectation that the participant will complete the training program based on such factors as (3) discussing the participant's strengths and challenges based on the participant's MFIP assessment, previous education, training, and work history; current motivation; and changes in previous circumstances.~~

(b) The requirements of this subdivision do not apply to participants who are in:

(1) a recognized career pathway program that leads to stackable credentials;

(2) a training program lasting 12 weeks or fewer; or

(3) the final year of a multiyear postsecondary education or training program.

Sec. 9. Minnesota Statutes 2012, section 256J.53, subdivision 5, is amended to read:

Subd. 5. **Requirements after postsecondary education or training.** Upon completion of an approved education or training program, a participant who does not meet the participation requirements in section 256J.55, subdivision 1, through unsubsidized employment must participate in job search. If, after ~~six~~ 12 weeks of job search, the participant does not find a full-time job consistent with the employment goal, the participant must accept any offer of full-time suitable employment, or meet with the job counselor to revise the employment plan to include additional work activities necessary to meet hourly requirements.

Sec. 10. Minnesota Statutes 2012, section 256J.531, is amended to read:

256J.531 BASIC EDUCATION; ENGLISH AS A SECOND LANGUAGE.

Subdivision 1. **Approval of adult basic education.** ~~With the exception of classes related to obtaining a general educational development credential (GED), a participant must have reading or mathematics proficiency below a ninth grade level in order for adult basic education classes to be an~~ A participant who lacks a high school diploma, general educational development (GED) credential, or an adult high school diploma must be allowed to pursue these credentials as an approved work activity, provided that the participant is making satisfactory progress. Participants eligible to pursue a general educational development (GED) credential or adult high school diploma under this subdivision must be informed of the opportunity to participate while in the Minnesota family investment program. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending adult basic education or general educational development classes.

Subd. 2. **Approval of English as a second language.** ~~In order for English as a second language (ESL) classes to be an approved work activity in an employment plan, a participant must be below a spoken language proficiency level of SPL6 or its equivalent, as measured by a nationally recognized test. In approving ESL as a work activity, the job counselor must give preference to enrollment in a functional work literacy program, if one is available, over a regular ESL program. A participant may not be approved for more than a combined total of 24 months of ESL classes while participating in the diversionary work program and the employment and training services component of MFIP. The employment plan must also specify that the participant fulfill no more than one-half of the participation requirements in section 256J.55, subdivision 1, through attending ESL classes. For participants enrolled in functional work literacy classes, no more than two-thirds of the participation requirements in section 256J.55, subdivision 1, may be met through attending functional work literacy classes.~~

Sec. 11. Minnesota Statutes 2013 Supplement, section 256N.02, is amended by adding a subdivision to read:

Subd. 14a. **Licensed child foster parent.** "Licensed child foster parent" means a person who is licensed for child foster care under Minnesota Rules, parts 2960.3000 to 2960.3340, or licensed by a Minnesota tribe in accordance with tribal standards.

Sec. 12. Minnesota Statutes 2013 Supplement, section 256N.21, subdivision 2, is amended to read:

Subd. 2. **Placement in foster care.** To be eligible for foster care benefits under this section, the child must be in placement away from the child's legal parent or, guardian, or Indian custodian as defined in section 260.755, subdivision 10, and all of the following criteria must be met must meet one of the criteria in clause (1) and either clause (2) or (3):

~~(1) the legally responsible agency must have placement authority and care responsibility, including for a child 18 years old or older and under age 21, who maintains eligibility for foster care consistent with section 260C.451;~~

~~(2) (1) the legally responsible agency must have placement authority to place the child with: (i) a voluntary placement agreement or a court order, consistent with sections 260B.198, 260C.001, and 260D.01, or continued eligibility consistent with section 260C.451 for a child 18 years old or older and under age 21 who maintains eligibility for foster care; or (ii) a voluntary placement agreement or court order by a Minnesota tribe that is consistent with United States Code, title 42, section 672(a)(2); and~~

~~(3) (2) the child must be is placed in an emergency relative placement under section 245A.035, with a licensed foster family setting, foster residence setting, or treatment foster care setting licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, a family foster home licensed or approved by a tribal agency or, for a child 18 years old or older and under age 21, child foster parent; or~~

(3) the child is placed in one of the following unlicensed child foster care settings:

(i) an emergency relative placement under tribal licensing regulations or section 245A.035, with the legally responsible agency ensuring the relative completes the required child foster care application process;

(ii) a licensed adult foster home with an approved age variance under section 245A.16 for no more than six months;

(iii) for a child 18 years old or older and under age 21 who is eligible for extended foster care under section 260C.451, an unlicensed supervised independent living setting approved by the agency responsible for the youth's child's care; or

(iv) a preadoptive placement in a home specified in section 245A.03, subdivision 2, paragraph (a), clause (9), with an approved adoption home study and signed adoption placement agreement.

Sec. 13. Minnesota Statutes 2013 Supplement, section 256N.21, is amended by adding a subdivision to read:

Subd. 7. **Background study.** (a) A county or private agency conducting a background study for purposes of child foster care licensing or approval must conduct the study in accordance with chapter 245C and must meet the requirements in United States Code, title 42, section 671(a)(20).

(b) A Minnesota tribe conducting a background study for purposes of child foster care licensing or approval must conduct the study in accordance with the requirements in United States Code, title 42, section 671(a)(20), when applicable.

Sec. 14. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements.** (a) To be eligible for guardianship assistance under this section, there must be a judicial determination under section 260C.515, subdivision 4, that a transfer of permanent legal and physical custody to a relative is in the child's best interest. For a child under jurisdiction of a tribal court, a judicial determination under a similar provision in tribal code indicating that a relative will assume the duty and authority to provide care, control, and protection of a child who is residing in foster care, and to make decisions regarding the child's education, health care, and general welfare until adulthood, and that this is in the child's best interest is considered equivalent. Additionally, a child must:

(1) have been removed from the child's home pursuant to a voluntary placement agreement or court order;

(2)(i) have resided in with the prospective relative custodian who has been a licensed child foster care parent for at least six consecutive months in the home of the prospective relative custodian; or

(ii) have received from the commissioner an exemption from the requirement in item (i) from the court that the prospective relative custodian has been a licensed child foster parent for at least six consecutive months, based on a determination that:

(A) an expedited move to permanency is in the child's best interest;

(B) expedited permanency cannot be completed without provision of guardianship assistance;
and

(C) the prospective relative custodian is uniquely qualified to meet the child's needs, as defined in section 260C.212, subdivision 2, on a permanent basis;

(D) the child and prospective relative custodian meet the eligibility requirements of this section;
and

(E) efforts were made by the legally responsible agency to place the child with the prospective relative custodian as a licensed child foster parent for six consecutive months before permanency, or an explanation why these efforts were not in the child's best interests;

(3) meet the agency determinations regarding permanency requirements in subdivision 2;

(4) meet the applicable citizenship and immigration requirements in subdivision 3;

(5) have been consulted regarding the proposed transfer of permanent legal and physical custody to a relative, if the child is at least 14 years of age or is expected to attain 14 years of age prior to the transfer of permanent legal and physical custody; and

(6) have a written, binding agreement under section 256N.25 among the caregiver or caregivers, the financially responsible agency, and the commissioner established prior to transfer of permanent legal and physical custody.

(b) In addition to the requirements in paragraph (a), the child's prospective relative custodian or custodians must meet the applicable background study requirements in subdivision 4.

(c) To be eligible for title IV-E guardianship assistance, a child must also meet any additional criteria in section 473(d) of the Social Security Act. The sibling of a child who meets the criteria for title IV-E guardianship assistance in section 473(d) of the Social Security Act is eligible for title IV-E guardianship assistance if the child and sibling are placed with the same prospective relative

custodian or custodians, and the legally responsible agency, relatives, and commissioner agree on the appropriateness of the arrangement for the sibling. A child who meets all eligibility criteria except those specific to title IV-E guardianship assistance is entitled to guardianship assistance paid through funds other than title IV-E.

Sec. 15. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 2, is amended to read:

Subd. 2. **Agency determinations regarding permanency.** (a) To be eligible for guardianship assistance, the legally responsible agency must complete the following determinations regarding permanency for the child prior to the transfer of permanent legal and physical custody:

(1) a determination that reunification and adoption are not appropriate permanency options for the child; and

(2) a determination that the child demonstrates a strong attachment to the prospective relative custodian and the prospective relative custodian has a strong commitment to caring permanently for the child.

(b) The legally responsible agency shall document the determinations in paragraph (a) and the eligibility requirements in this section that comply with United States Code, title 42, sections 673(d) and 675(1)(F). These determinations must be documented in a kinship placement agreement, which must be in the format prescribed by the commissioner and must be signed by the prospective relative custodian and the legally responsible agency. In the case of a Minnesota tribe, the determinations and eligibility requirements in this section may be provided in an alternative format approved by the commissioner. Supporting information for completing each determination must be documented in the legally responsible agency's case file and make them available for review as requested by the financially responsible agency and the commissioner during the guardianship assistance eligibility determination process.

Sec. 16. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 4, is amended to read:

Subd. 4. **Background study.** (a) A background study ~~under section 245C.33~~ must be completed on each prospective relative custodian and any other adult residing in the home of the prospective relative custodian. The background study must meet the requirements of United States Code, title 42, section 671(a)(20). A study completed under section 245C.33 meets this requirement. A background study on the prospective relative custodian or adult residing in the household previously completed under ~~section 245C.04~~ chapter 245C for the purposes of child foster care licensure ~~may~~ under chapter 245A or licensure by a Minnesota tribe, shall be used for the purposes of this section, provided that the background study ~~is current~~ meets the requirements of this subdivision and the prospective relative custodian is a licensed child foster parent at the time of the application for guardianship assistance.

(b) If the background study reveals:

(1) a felony conviction at any time for:

(i) child abuse or neglect;

(ii) spousal abuse;

- (iii) a crime against a child, including child pornography; or
 - (iv) a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery; or
- (2) a felony conviction within the past five years for:
- (i) physical assault;
 - (ii) battery; or
 - (iii) a drug-related offense;

the prospective relative custodian is prohibited from receiving guardianship assistance on behalf of an otherwise eligible child.

Sec. 17. Minnesota Statutes 2013 Supplement, section 256N.22, subdivision 6, is amended to read:

Subd. 6. **Exclusions.** (a) A child with a guardianship assistance agreement under Northstar Care for Children is not eligible for the Minnesota family investment program child-only grant under chapter 256J.

- (b) The commissioner shall not enter into a guardianship assistance agreement with:
- (1) a child's biological parent or stepparent;
 - (2) an individual assuming permanent legal and physical custody of a child or the equivalent under tribal code without involvement of the child welfare system; or
 - (3) an individual assuming permanent legal and physical custody of a child who was placed in Minnesota by another state or a tribe outside of Minnesota.

Sec. 18. Minnesota Statutes 2013 Supplement, section 256N.23, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements.** (a) To be eligible for Northstar adoption assistance under this section, a child must:

- (1) be determined to be a child with special needs under subdivision 2;
- (2) meet the applicable citizenship and immigration requirements in subdivision 3;
- (3)(i) meet the criteria in section 473 of the Social Security Act; or
- (ii) have had foster care payments paid on the child's behalf while in out-of-home placement through the county social service agency or ~~tribe and be either under the tribal social service agency prior to the issuance of a court order transferring the child's guardianship of to the commissioner or under the jurisdiction of a Minnesota tribe and adoption, according to tribal law, is in the child's documented permanency plan making the child a ward of the tribe;~~ and
- (4) have a written, binding agreement under section 256N.25 among the adoptive parent, the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, and the commissioner established prior to finalization of the adoption.

(b) In addition to the requirements in paragraph (a), an eligible child's adoptive parent or parents must meet the applicable background study requirements in subdivision 4.

(c) A child who meets all eligibility criteria except those specific to title IV-E adoption assistance shall receive adoption assistance paid through funds other than title IV-E.

(d) A child receiving Northstar kinship assistance payments under section 256N.22 is eligible for Northstar adoption assistance when the criteria in paragraph (a) are met and the child's legal custodian is adopting the child.

Sec. 19. Minnesota Statutes 2013 Supplement, section 256N.23, subdivision 4, is amended to read:

Subd. 4. **Background study.** (a) A background study under section 259.41 must be completed on each prospective adoptive parent and all other adults residing in the home. A background study must meet the requirements of United States Code, title 42, section 671(a)(20). A study completed under section 245C.33 meets this requirement. If the prospective adoptive parent is a licensed child foster parent licensed under chapter 245A or by a Minnesota tribe, the background study previously completed for the purposes of child foster care licensure shall be used for the purpose of this section, provided that the background study meets all other requirements of this subdivision and the prospective adoptive parent is a licensed child foster parent at the time of the application for adoption assistance.

(b) If the background study reveals:

(1) a felony conviction at any time for:

(i) child abuse or neglect;

(ii) spousal abuse;

(iii) a crime against a child, including child pornography; or

(iv) a crime involving violence, including rape, sexual assault, or homicide, but not including other physical assault or battery; or

(2) a felony conviction within the past five years for:

(i) physical assault;

(ii) battery; or

(iii) a drug-related offense;

the adoptive parent is prohibited from receiving adoption assistance on behalf of an otherwise eligible child.

Sec. 20. Minnesota Statutes 2013 Supplement, section 256N.24, subdivision 9, is amended to read:

Subd. 9. **Timing of and requests for reassessments.** Reassessments for an eligible child must be completed within 30 days of any of the following events:

(1) for a child in continuous foster care, when six months have elapsed since ~~completion of the last assessment~~ the initial assessment, and annually thereafter;

- (2) for a child in continuous foster care, change of placement location;
- (3) for a child in foster care, at the request of the financially responsible agency or legally responsible agency;
- (4) at the request of the commissioner; or
- (5) at the request of the caregiver under subdivision 9 10.

Sec. 21. Minnesota Statutes 2013 Supplement, section 256N.24, subdivision 10, is amended to read:

Subd. 10. **Caregiver requests for reassessments.** (a) A caregiver may initiate a reassessment request for an eligible child in writing to the financially responsible agency or, if there is no financially responsible agency, the agency designated by the commissioner. The written request must include the reason for the request and the name, address, and contact information of the caregivers. ~~For an eligible child with a guardianship assistance or adoption assistance agreement,~~ The caregiver may request a reassessment if at least six months have elapsed since any previously requested review ~~previous assessment or reassessment~~. For an eligible foster child, a foster parent may request reassessment in less than six months with written documentation that there have been significant changes in the child's needs that necessitate an earlier reassessment.

(b) A caregiver may request a reassessment of an at-risk child for whom ~~a guardianship assistance or an~~ adoption assistance agreement has been executed if the caregiver has satisfied the commissioner with written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself, consistent with section 256N.25, subdivision 3, paragraph (b).

(c) If the reassessment cannot be completed within 30 days of the caregiver's request, the agency responsible for reassessment must notify the caregiver of the reason for the delay and a reasonable estimate of when the reassessment can be completed.

(d) Notwithstanding any provision to the contrary in paragraph (a) or subdivision 9, when a Northstar kinship assistance agreement or adoption assistance agreement under section 256N.25 has been signed by all parties, no reassessment may be requested or conducted until the court finalizes the transfer of permanent legal and physical custody or finalizes the adoption, or the assistance agreement expires according to section 256N.25, subdivision 1.

Sec. 22. Minnesota Statutes 2013 Supplement, section 256N.25, subdivision 2, is amended to read:

Subd. 2. **Negotiation of agreement.** (a) When a child is determined to be eligible for guardianship assistance or adoption assistance, the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, must negotiate with the caregiver to develop an agreement under subdivision 1. If and when the caregiver and agency reach concurrence as to the terms of the agreement, both parties shall sign the agreement. The agency must submit the agreement, along with the eligibility determination outlined in sections 256N.22, subdivision 7, and 256N.23, subdivision 7, to the commissioner for final review, approval, and signature according to subdivision 1.

(b) A monthly payment is provided as part of the adoption assistance or guardianship assistance agreement to support the care of children unless the child is eligible for adoption assistance and

determined to be an at-risk child, in which case ~~the special at-risk monthly payment under section 256N.26, subdivision 7, must no~~ payment will be made unless and until the caregiver obtains written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself.

(1) The amount of the payment made on behalf of a child eligible for guardianship assistance or adoption assistance is determined through agreement between the prospective relative custodian or the adoptive parent and the financially responsible agency, or, if there is no financially responsible agency, the agency designated by the commissioner, using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the associated benefit and payments outlined in section 256N.26. Except as provided under section 256N.24, subdivision 1, paragraph (c), the assessment tool establishes the monthly benefit level for a child under foster care. The monthly payment under a guardianship assistance agreement or adoption assistance agreement may be negotiated up to the monthly benefit level under foster care. In no case may the amount of the payment under a guardianship assistance agreement or adoption assistance agreement exceed the foster care maintenance payment which would have been paid during the month if the child with respect to whom the guardianship assistance or adoption assistance payment is made had been in a foster family home in the state.

(2) The rate schedule for the agreement is determined based on the age of the child on the date that the prospective adoptive parent or parents or relative custodian or custodians sign the agreement.

(3) The income of the relative custodian or custodians or adoptive parent or parents must not be taken into consideration when determining eligibility for guardianship assistance or adoption assistance or the amount of the payments under section 256N.26.

(4) With the concurrence of the relative custodian or adoptive parent, the amount of the payment may be adjusted periodically using the assessment tool established by the commissioner in section 256N.24, subdivision 2, and the agreement renegotiated under subdivision 3 when there is a change in the child's needs or the family's circumstances.

~~(5) The guardianship assistance or adoption assistance agreement of a child who is identified as at-risk receives the special at-risk monthly payment under section 256N.26, subdivision 7, unless and until the potential disability manifests itself, as documented by an appropriate professional, and the commissioner authorizes commencement of payment by modifying the agreement accordingly. A relative custodian or An adoptive parent of an at-risk child with a guardianship assistance or an adoption assistance agreement may request a reassessment of the child under section 256N.24, subdivision 9 10, and renegotiation of the guardianship assistance or adoption assistance agreement under subdivision 3 to include a monthly payment, if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner.~~

(c) For guardianship assistance agreements:

(1) the initial amount of the monthly guardianship assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed less any offsets under section 256N.26, subdivision 11, or a lesser negotiated amount if agreed to by the prospective relative custodian and specified in that agreement, unless ~~the child is identified as at-risk~~ or the guardianship assistance agreement is entered into when a child is under the age of six; and

~~(2) an at-risk child must be assigned level A as outlined in section 256N.26 and receive the special at-risk monthly payment under section 256N.26, subdivision 7, unless and until the potential disability manifests itself, as documented by a qualified expert, and the commissioner authorizes commencement of payment by modifying the agreement accordingly; and~~

~~(3) (2) the amount of the monthly payment for a guardianship assistance agreement for a child; other than an at-risk child; who is under the age of six must be as specified in section 256N.26, subdivision 5.~~

(d) For adoption assistance agreements:

(1) for a child in foster care with the prospective adoptive parent immediately prior to adoptive placement, the initial amount of the monthly adoption assistance payment must be equivalent to the foster care rate in effect at the time that the agreement is signed less any offsets in section 256N.26, subdivision 11, or a lesser negotiated amount if agreed to by the prospective adoptive parents and specified in that agreement, unless the child is identified as at-risk or the adoption assistance agreement is entered into when a child is under the age of six;

~~(2) for an at-risk child who must be assigned level A as outlined in section 256N.26 and receive the special at-risk monthly payment under section 256N.26, subdivision 7, no payment will be made unless and until the potential disability manifests itself, as documented by an appropriate professional, and the commissioner authorizes commencement of payment by modifying the agreement accordingly;~~

(3) the amount of the monthly payment for an adoption assistance agreement for a child under the age of six, other than an at-risk child, must be as specified in section 256N.26, subdivision 5;

(4) for a child who is in the guardianship assistance program immediately prior to adoptive placement, the initial amount of the adoption assistance payment must be equivalent to the guardianship assistance payment in effect at the time that the adoption assistance agreement is signed or a lesser amount if agreed to by the prospective adoptive parent and specified in that agreement, unless the child is identified as an at-risk child; and

(5) for a child who is not in foster care placement or the guardianship assistance program immediately prior to adoptive placement or negotiation of the adoption assistance agreement, the initial amount of the adoption assistance agreement must be determined using the assessment tool and process in this section and the corresponding payment amount outlined in section 256N.26.

Sec. 23. Minnesota Statutes 2013 Supplement, section 256N.25, subdivision 3, is amended to read:

Subd. 3. **Renegotiation of agreement.** (a) A relative custodian or adoptive parent of a child with a guardianship assistance or adoption assistance agreement may request renegotiation of the agreement when there is a change in the needs of the child or in the family's circumstances. When a relative custodian or adoptive parent requests renegotiation of the agreement, a reassessment of the child must be completed consistent with section 256N.24, subdivisions 9 and 10. If the reassessment indicates that the child's level has changed, the financially responsible agency or, if there is no financially responsible agency, the agency designated by the commissioner or the commissioner's designee, and the caregiver must renegotiate the agreement to include a payment with the level determined through the reassessment process. The agreement must not be renegotiated unless the

commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

(b) ~~A relative custodian or~~ An adoptive parent of an at-risk child with a ~~guardianship assistance or an adoption assistance agreement~~ may request renegotiation of the agreement to include a monthly payment ~~higher than the special at-risk monthly payment~~ under section 256N.26, ~~subdivision 7~~, if the caregiver has written documentation from a qualified expert that the potential disability upon which eligibility for the agreement was based has manifested itself. Documentation of the disability must be limited to evidence deemed appropriate by the commissioner. Prior to renegotiating the agreement, a reassessment of the child must be conducted as outlined in section 256N.24, subdivision 9. The reassessment must be used to renegotiate the agreement to include an appropriate monthly payment. The agreement must not be renegotiated unless the commissioner, the financially responsible agency, and the caregiver mutually agree to the changes. The effective date of any renegotiated agreement must be determined by the commissioner.

(c) Renegotiation of a guardianship assistance or adoption assistance agreement is required when one of the circumstances outlined in section 256N.26, subdivision 13, occurs.

Sec. 24. Minnesota Statutes 2013 Supplement, section 256N.26, subdivision 1, is amended to read:

Subdivision 1. **Benefits.** (a) There are three benefits under Northstar Care for Children: medical assistance, basic payment, and supplemental difficulty of care payment.

(b) A child is eligible for medical assistance under subdivision 2.

(c) A child is eligible for the basic payment under subdivision 3, except for a child assigned level A under section 256N.24, subdivision 1, because the child is determined to be an at-risk child receiving ~~guardianship assistance or adoption assistance~~.

(d) A child, including a foster child age 18 to 21, is eligible for an additional supplemental difficulty of care payment under subdivision 4, as determined by the assessment under section 256N.24.

(e) An eligible child entering guardianship assistance or adoption assistance under the age of six receives a basic payment and supplemental difficulty of care payment as specified in subdivision 5.

(f) A child transitioning in from a pre-Northstar Care for Children program under section 256N.28, subdivision 7, shall receive basic and difficulty of care supplemental payments according to those provisions.

Sec. 25. Minnesota Statutes 2013 Supplement, section 256N.27, subdivision 4, is amended to read:

Subd. 4. **Nonfederal share.** (a) The commissioner shall establish a percentage share of the maintenance payments, reduced by federal reimbursements under title IV-E of the Social Security Act, to be paid by the state and to be paid by the financially responsible agency.

(b) These state and local shares must initially be calculated based on the ratio of the average appropriate expenditures made by the state and all financially responsible agencies during calendar years 2011, 2012, 2013, and 2014. For purposes of this calculation, appropriate expenditures for the financially responsible agencies must include basic and difficulty of care payments for foster care

reduced by federal reimbursements, but not including any initial clothing allowance, administrative payments to child care agencies specified in section 317A.907, child care, or other support or ancillary expenditures. For purposes of this calculation, appropriate expenditures for the state shall include adoption assistance and relative custody assistance, reduced by federal reimbursements.

(c) For each of the periods January 1, 2015, to June 30, 2016, and fiscal years 2017, 2018, and 2019, the commissioner shall adjust this initial percentage of state and local shares to reflect the relative expenditure trends during calendar years 2011, 2012, 2013, and 2014, taking into account appropriations for Northstar Care for Children and the turnover rates of the components. In making these adjustments, the commissioner's goal shall be to make these state and local expenditures other than the appropriations for Northstar Care for Children to be the same as they would have been had Northstar Care for Children not been implemented, or if that is not possible, proportionally higher or lower, as appropriate. Except for adjustments so that the costs of the phase-in are borne by the state, the state and local share percentages for fiscal year 2019 must be used for all subsequent years.

Sec. 26. Minnesota Statutes 2012, section 257.85, subdivision 11, is amended to read:

Subd. 11. **Financial considerations.** (a) Payment of relative custody assistance under a relative custody assistance agreement is subject to the availability of state funds and payments may be reduced or suspended on order of the commissioner if insufficient funds are available.

~~(b) Upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians. The A local agency may not seek and the commissioner shall not provide reimbursement for the administrative costs associated with performing the duties described in subdivision 4.~~

(c) For the purposes of determining eligibility or payment amounts under MFIP, relative custody assistance payments shall be excluded in determining the family's available income.

(d) For expenditures made on or before December 31, 2014, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency in an amount equal to 100 percent of the relative custody assistance payments provided to relative custodians.

(e) For expenditures made on or after January 1, 2015, upon receipt from a local agency of a claim for reimbursement, the commissioner shall reimburse the local agency as part of the Northstar Care for Children fiscal reconciliation process under section 256N.27.

Sec. 27. Minnesota Statutes 2012, section 260C.212, subdivision 1, is amended to read:

Subdivision 1. **Out-of-home placement; plan.** (a) An out-of-home placement plan shall be prepared within 30 days after any child is placed in foster care by court order or a voluntary placement agreement between the responsible social services agency and the child's parent pursuant to section 260C.227 or chapter 260D.

(b) An out-of-home placement plan means a written document which is prepared by the responsible social services agency jointly with the parent or parents or guardian of the child and in consultation with the child's guardian ad litem, the child's tribe, if the child is an Indian child, the child's foster parent or representative of the foster care facility, and, where appropriate, the child. For a child in voluntary foster care for treatment under chapter 260D, preparation of the

out-of-home placement plan shall additionally include the child's mental health treatment provider. As appropriate, the plan shall be:

- (1) submitted to the court for approval under section 260C.178, subdivision 7;
 - (2) ordered by the court, either as presented or modified after hearing, under section 260C.178, subdivision 7, or 260C.201, subdivision 6; and
 - (3) signed by the parent or parents or guardian of the child, the child's guardian ad litem, a representative of the child's tribe, the responsible social services agency, and, if possible, the child.
- (c) The out-of-home placement plan shall be explained to all persons involved in its implementation, including the child who has signed the plan, and shall set forth:
- (1) a description of the foster care home or facility selected, including how the out-of-home placement plan is designed to achieve a safe placement for the child in the least restrictive, most family-like, setting available which is in close proximity to the home of the parent or parents or guardian of the child when the case plan goal is reunification, and how the placement is consistent with the best interests and special needs of the child according to the factors under subdivision 2, paragraph (b);
 - (2) the specific reasons for the placement of the child in foster care, and when reunification is the plan, a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home and the changes the parent or parents must make in order for the child to safely return home;
 - (3) a description of the services offered and provided to prevent removal of the child from the home and to reunify the family including:
 - (i) the specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (2), and the time period during which the actions are to be taken; and
 - (ii) the reasonable efforts, or in the case of an Indian child, active efforts to be made to achieve a safe and stable home for the child including social and other supportive services to be provided or offered to the parent or parents or guardian of the child, the child, and the residential facility during the period the child is in the residential facility;
 - (4) a description of any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of the child's placement in the residential facility, and whether those services or resources were provided and if not, the basis for the denial of the services or resources;
 - (5) the visitation plan for the parent or parents or guardian, other relatives as defined in section 260C.007, subdivision 27, and siblings of the child if the siblings are not placed together in foster care, and whether visitation is consistent with the best interest of the child, during the period the child is in foster care;
 - (6) when a child cannot return to or be in the care of either parent, documentation of steps to finalize the permanency plan for the child, including:
 - (i) reasonable efforts to place the child for adoption or legal guardianship of the child if the court has issued an order terminating the rights of both parents of the child or of the only known,

~~living parent of the child.~~ At a minimum, the documentation must include consideration of whether adoption is in the best interests of the child, child-specific recruitment efforts such as relative search and the use of state, regional, and national adoption exchanges to facilitate orderly and timely placements in and outside of the state. A copy of this documentation shall be provided to the court in the review required under section 260C.317, subdivision 3, paragraph (b); and

(ii) documentation necessary to support the requirements of the kinship placement agreement under section 256N.22 when adoption is determined not to be in the child's best interest;

(7) efforts to ensure the child's educational stability while in foster care, including:

(i) efforts to ensure that the child remains in the same school in which the child was enrolled prior to placement or upon the child's move from one placement to another, including efforts to work with the local education authorities to ensure the child's educational stability; or

(ii) if it is not in the child's best interest to remain in the same school that the child was enrolled in prior to placement or move from one placement to another, efforts to ensure immediate and appropriate enrollment for the child in a new school;

(8) the educational records of the child including the most recent information available regarding:

(i) the names and addresses of the child's educational providers;

(ii) the child's grade level performance;

(iii) the child's school record;

(iv) a statement about how the child's placement in foster care takes into account proximity to the school in which the child is enrolled at the time of placement; and

(v) any other relevant educational information;

(9) the efforts by the local agency to ensure the oversight and continuity of health care services for the foster child, including:

(i) the plan to schedule the child's initial health screens;

(ii) how the child's known medical problems and identified needs from the screens, including any known communicable diseases, as defined in section 144.4172, subdivision 2, will be monitored and treated while the child is in foster care;

(iii) how the child's medical information will be updated and shared, including the child's immunizations;

(iv) who is responsible to coordinate and respond to the child's health care needs, including the role of the parent, the agency, and the foster parent;

(v) who is responsible for oversight of the child's prescription medications;

(vi) how physicians or other appropriate medical and nonmedical professionals will be consulted and involved in assessing the health and well-being of the child and determine the appropriate medical treatment for the child; and

(vii) the responsibility to ensure that the child has access to medical care through either medical insurance or medical assistance;

(10) the health records of the child including information available regarding:

(i) the names and addresses of the child's health care and dental care providers;

(ii) a record of the child's immunizations;

(iii) the child's known medical problems, including any known communicable diseases as defined in section 144.4172, subdivision 2;

(iv) the child's medications; and

(v) any other relevant health care information such as the child's eligibility for medical insurance or medical assistance;

(11) an independent living plan for a child age 16 or older. The plan should include, but not be limited to, the following objectives:

(i) educational, vocational, or employment planning;

(ii) health care planning and medical coverage;

(iii) transportation including, where appropriate, assisting the child in obtaining a driver's license;

(iv) money management, including the responsibility of the agency to ensure that the youth annually receives, at no cost to the youth, a consumer report as defined under section 13C.001 and assistance in interpreting and resolving any inaccuracies in the report;

(v) planning for housing;

(vi) social and recreational skills; and

(vii) establishing and maintaining connections with the child's family and community; and

(12) for a child in voluntary foster care for treatment under chapter 260D, diagnostic and assessment information, specific services relating to meeting the mental health care needs of the child, and treatment outcomes.

(d) The parent or parents or guardian and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social services agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved or approved or ordered by the court, the foster parents shall be fully informed of the provisions of the case plan and shall be provided a copy of the plan.

Upon discharge from foster care, the parent, adoptive parent, or permanent legal and physical custodian, as appropriate, and the child, if appropriate, must be provided with a current copy of the child's health and education record.

Sec. 28. Minnesota Statutes 2012, section 260C.515, subdivision 4, is amended to read:

Subd. 4. **Custody to relative.** The court may order permanent legal and physical custody to a fit and willing relative in the best interests of the child according to the following conditions requirements:

(1) an order for transfer of permanent legal and physical custody to a relative shall only be made after the court has reviewed the suitability of the prospective legal and physical custodian;

(2) in transferring permanent legal and physical custody to a relative, the juvenile court shall follow the standards applicable under this chapter and chapter 260, and the procedures in the Minnesota Rules of Juvenile Protection Procedure;

(3) a transfer of legal and physical custody includes responsibility for the protection, education, care, and control of the child and decision making on behalf of the child;

(4) a permanent legal and physical custodian may not return a child to the permanent care of a parent from whom the court removed custody without the court's approval and without notice to the responsible social services agency;

(5) the social services agency may file a petition naming a fit and willing relative as a proposed permanent legal and physical custodian. A petition for transfer of permanent legal and physical custody to a relative who is not a parent shall be accompanied by a kinship placement agreement under section 256N.22, subdivision 2, between the agency and proposed permanent legal and physical custodian;

(6) another party to the permanency proceeding regarding the child may file a petition to transfer permanent legal and physical custody to a relative, ~~but the~~. The petition must include facts upon which the court can make the determination required under clause (7) and must be filed not later than the date for the required admit-deny hearing under section 260C.507; or if the agency's petition is filed under section 260C.503, subdivision 2, the petition must be filed not later than 30 days prior to the trial required under section 260C.509; ~~and~~

(7) where a petition is for transfer of permanent legal and physical custody to a relative who is not a parent, the court must find that:

(i) transfer of permanent legal and physical custody and receipt of Northstar kinship assistance under chapter 256N, when requested and the child is eligible, is in the child's best interests;

(ii) adoption is not in the child's best interests based on the determinations in the kinship placement agreement required under section 256N.22, subdivision 2;

(iii) the agency made efforts to discuss adoption with the child's parent or parents, or the agency did not make efforts to discuss adoption and the reasons why efforts were not made; and

(iv) there are reasons to separate siblings during placement, if applicable;

(8) the court may finalize a permanent transfer of physical legal custody to a relative regardless of eligibility for Northstar kinship assistance under chapter 256N;

(9) the court may defer finalization of an order transferring permanent legal and physical custody to a relative when deferring finalization is necessary to determine eligibility for Northstar kinship assistance under chapter 256N; and

~~(7)~~ (10) the juvenile court may maintain jurisdiction over the responsible social services agency, the parents or guardian of the child, the child, and the permanent legal and physical custodian for purposes of ensuring appropriate services are delivered to the child and permanent legal custodian for the purpose of ensuring conditions ordered by the court related to the care and custody of the child are met.

Sec. 29. Minnesota Statutes 2012, section 260C.611, is amended to read:

260C.611 ADOPTION STUDY REQUIRED.

(a) An adoption study under section 259.41 approving placement of the child in the home of the prospective adoptive parent shall be completed before placing any child under the guardianship of the commissioner in a home for adoption. If a prospective adoptive parent has a current child foster care license under chapter 245A and is seeking to adopt a foster child who is placed in the prospective adoptive parent's home and is under the guardianship of the commissioner according to section 260C.325, subdivision 1, the child foster care home study meets the requirements of this section for an approved adoption home study if:

(1) the written home study on which the foster care license was based is completed in the commissioner's designated format, consistent with the requirements in sections 260C.215, subdivision 4, clause (5); and 259.41, subdivision 2; and Minnesota Rules, part 2960.3060, subpart 4;

(2) the background studies on each prospective adoptive parent and all required household members were completed according to section 245C.33;

(3) the commissioner has not issued, within the last three years, a sanction on the license under section 245A.07 or an order of a conditional license under section 245A.06; and

(4) the legally responsible agency determines that the individual needs of the child are being met by the prospective adoptive parent through an assessment under section 256N.24, subdivision 2, or a documented placement decision consistent with section 260C.212, subdivision 2.

(b) If a prospective adoptive parent has previously held a foster care license or adoptive home study, any update necessary to the foster care license, or updated or new adoptive home study, if not completed by the licensing authority responsible for the previous license or home study, shall include collateral information from the previous licensing or approving agency, if available.

Sec. 30. PARENT AWARE QUALITY RATING AND IMPROVEMENT SYSTEM ACCESSIBILITY REPORT.

Subdivision 1. **Recommendations.** The commissioner of human services, in consultation with representatives from the child care and early childhood advocacy community, child care provider organizations, child care providers, organizations administering Parent Aware, the Departments of Education and Health, counties, and parents, shall make recommendations to the members of the legislative committees having jurisdiction over health and human services provisions and funding on increasing statewide accessibility for child care providers to the Parent Aware quality rating and improvement system and for increasing access to Parent Aware-rated programs for families with children. The recommendations must address the following factors impacting accessibility:

(1) availability of rated and nonrated programs by child care provider type, within rural and underserved areas, and for different cultural and non-English-speaking groups;

(2) time and resources necessary for child care providers to participate in Parent Aware at various rating levels, including cultural and linguistic considerations;

(3) federal child care development fund regulations; and

(4) other factors as determined by the commissioner.

Subd. 2. **Report.** By February 15, 2015, the commissioner of human services shall report to the legislative committees with jurisdiction over the child care assistance programs and the Parent Aware quality rating and improvement system with recommendations to increase access for families and child care providers to Parent Aware, including benchmarks for achieving the maximum participation in Parent Aware-rated child care programs by families receiving child care assistance.

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

Sec. 31. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "guardianship assistance" to "Northstar kinship assistance" wherever it appears in Minnesota Statutes and Minnesota Rules to refer to the program components related to Northstar Care for Children under Minnesota Statutes, chapter 256N.

Sec. 32. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 256N.26, subdivision 7, is repealed.

ARTICLE 17

COMMUNITY FIRST SERVICES AND SUPPORTS

Section 1. Minnesota Statutes 2012, section 245C.03, is amended by adding a subdivision to read:

Subd. 8. **Community first services and supports organizations.** The commissioner shall conduct background studies on any individual required under section 256B.85 to have a background study completed under this chapter.

Sec. 2. Minnesota Statutes 2012, section 245C.04, is amended by adding a subdivision to read:

Subd. 7. **Community first services and supports organizations.** (a) The commissioner shall conduct a background study of an individual required to be studied under section 245C.03, subdivision 8, at least upon application for initial enrollment under section 256B.85.

(b) Before an individual described in section 245C.03, subdivision 8, begins a position allowing direct contact with a person served by an organization required to initiate a background study under section 256B.85, the organization must receive a notice from the commissioner that the support worker is:

(1) not disqualified under section 245C.14; or

(2) disqualified, but the individual has received a set-aside of the disqualification under section 245C.22.

Sec. 3. Minnesota Statutes 2012, section 245C.10, is amended by adding a subdivision to read:

Subd. 10. **Community first services and supports organizations.** The commissioner shall recover the cost of background studies initiated by an agency-provider delivering services under section 256B.85, subdivision 11, or a financial management services contractor providing service functions under section 256B.85, subdivision 13, through a fee of no more than \$20 per study, charged to the organization responsible for submitting the background study form. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 4. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Activities of daily living" or "ADLs" means eating, toileting, grooming, dressing, bathing, mobility, positioning, and transferring.

(c) "Agency-provider model" means a method of CFSS under which a qualified agency provides services and supports through the agency's own employees and policies. The agency must allow the participant to have a significant role in the selection and dismissal of support workers of their choice for the delivery of their specific services and supports.

(d) "Behavior" means a description of a need for services and supports used to determine the home care rating and additional service units. The presence of Level I behavior is used to determine the home care rating. "Level I behavior" means physical aggression towards self or others or destruction of property that requires the immediate response of another person. If qualified for a home care rating as described in subdivision 8, additional service units can be added as described in subdivision 8, paragraph (f), for the following behaviors:

(1) Level I behavior;

(2) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(3) increased need for assistance for recipients participants who are verbally aggressive or resistive to care so that time needed to perform activities of daily living is increased.

(e) "Budget model" means a service delivery method of CFSS that allows the use of a service budget and assistance from a financial management services (FMS) contractor for a participant to directly employ support workers and purchase supports and goods.

~~(e)~~ (f) "Complex health-related needs" means an intervention listed in clauses (1) to (8) that has been ordered by a physician, and is specified in a community support plan, including:

(1) tube feedings requiring:

(i) a gastrojejunostomy tube; or

(ii) continuous tube feeding lasting longer than 12 hours per day;

(2) wounds described as:

(i) stage III or stage IV;

(ii) multiple wounds;

- (iii) requiring sterile or clean dressing changes or a wound vac; or
- (iv) open lesions such as burns, fistulas, tube sites, or ostomy sites that require specialized care;
- (3) parenteral therapy described as:
 - (i) IV therapy more than two times per week lasting longer than four hours for each treatment;or
 - (ii) total parenteral nutrition (TPN) daily;
- (4) respiratory interventions, including:
 - (i) oxygen required more than eight hours per day;
 - (ii) respiratory vest more than one time per day;
 - (iii) bronchial drainage treatments more than two times per day;
 - (iv) sterile or clean suctioning more than six times per day;
 - (v) dependence on another to apply respiratory ventilation augmentation devices such as BiPAP and CPAP; and
 - (vi) ventilator dependence under section 256B.0652;
- (5) insertion and maintenance of catheter, including:
 - (i) sterile catheter changes more than one time per month;
 - (ii) clean intermittent catheterization, and including self-catheterization more than six times per day; or
 - (iii) bladder irrigations;
- (6) bowel program more than two times per week requiring more than 30 minutes to perform each time;
- (7) neurological intervention, including:
 - (i) seizures more than two times per week and requiring significant physical assistance to maintain safety; or
 - (ii) swallowing disorders diagnosed by a physician and requiring specialized assistance from another on a daily basis; and
- (8) other congenital or acquired diseases creating a need for significantly increased direct hands-on assistance and interventions in six to eight activities of daily living.

~~(f)~~ (g) "Community first services and supports" or "CFSS" means the assistance and supports program under this section needed for accomplishing activities of daily living, instrumental activities of daily living, and health-related tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task, or the purchase of goods as defined in subdivision 7, ~~paragraph (a)~~; clause (3), that replace the need for human assistance.

~~(g)~~ (h) "Community first services and supports service delivery plan" or "service delivery plan" means a written ~~summary of~~ document detailing the services and supports chosen by the

participant to meet assessed needs that is are within the approved CFSS service authorization amount. Services and supports are based on the community support plan identified in section 256B.0911 and coordinated services and support plan and budget identified in section 256B.0915, subdivision 6, if applicable, that is determined by the participant to meet the assessed needs, using a person-centered planning process.

(i) "Consultation services" means a Minnesota health care program enrolled provider organization that is under contract with the department and has the knowledge, skills, and ability to assist CFSS participants in using either the agency-provider model under subdivision 11 or the budget model under subdivision 13.

~~(h)~~ (j) "Critical activities of daily living" means transferring, mobility, eating, and toileting.

~~(i)~~ (k) "Dependency" in activities of daily living means a person requires hands-on assistance or constant supervision and cueing to accomplish one or more of the activities of daily living every day or on the days during the week that the activity is performed; however, a child may not be found to be dependent in an activity of daily living if, because of the child's age, an adult would either perform the activity for the child or assist the child with the activity and the assistance needed is the assistance appropriate for a typical child of the same age.

~~(j)~~ (l) "Extended CFSS" means CFSS services and supports under the agency-provider model included in a service plan through one of the home and community-based services waivers and as approved and authorized under sections 256B.0915; 256B.092, subdivision 5; and 256B.49, which exceed the amount, duration, and frequency of the state plan CFSS services for participants.

~~(k)~~ (m) "Financial management services contractor or vendor" or "FMS contractor" means a qualified organization having required for participants using the budget model under subdivision 13 that has a written contract with the department to provide vendor fiscal/employer agent financial management services necessary to use the budget model under subdivision 13 that (FMS). Services include but are not limited to: participant education and technical assistance; CFSS service delivery planning and budgeting; filing and payment of federal and state payroll taxes on behalf of the participant; initiating criminal background checks; billing, making payments, and for approved CFSS services with authorized funds; monitoring of spending expenditures; accounting for and disbursing CFSS funds; providing assistance in obtaining and filing for liability, workers' compensation, and unemployment coverage; and assisting providing participant instruction and technical assistance to the participant in fulfilling employer-related requirements in accordance with Section 3504 of the Internal Revenue Code and the Internal Revenue Service Revenue Procedure 70-6 related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1.

~~(l)~~ "Budget model" means a service delivery method of CFSS that allows the use of an individualized CFSS service delivery plan and service budget and provides assistance from the financial management services contractor to facilitate participant employment of support workers and the acquisition of supports and goods.

~~(m)~~ (n) "Health-related procedures and tasks" means procedures and tasks related to the specific needs of an individual that can be delegated taught or assigned by a state-licensed healthcare or mental health professional and performed by a support worker.

~~(n)~~ (o) "Instrumental activities of daily living" means activities related to living independently in the community, including but not limited to: meal planning, preparation, and cooking; shopping

for food, clothing, or other essential items; laundry; housecleaning; assistance with medications; managing finances; communicating needs and preferences during activities; arranging supports; and assistance with traveling around and participating in the community.

~~(o)~~ (p) "Legal representative" means parent of a minor, a court-appointed guardian, or another representative with legal authority to make decisions about services and supports for the participant. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

~~(p)~~ (q) "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication, and includes any of the following supports listed in clauses (1) to (3) and other types of assistance, except that a support worker may not determine medication dose or time for medication or inject medications into veins, muscles, or skin:

(1) under the direction of the participant or the participant's representative, bringing medications to the participant including medications given through a nebulizer, opening a container of previously set-up medications, emptying the container into the participant's hand, opening and giving the medication in the original container to the participant, or bringing to the participant liquids or food to accompany the medication;

(2) organizing medications as directed by the participant or the participant's representative; and

(3) providing verbal or visual reminders to perform regularly scheduled medications.

~~(q)~~ (r) "Participant's representative" means a parent, family member, advocate, or other adult authorized by the participant to serve as a representative in connection with the provision of CFSS. This authorization must be in writing or by another method that clearly indicates the participant's free choice. The participant's representative must have no financial interest in the provision of any services included in the participant's service delivery plan and must be capable of providing the support necessary to assist the participant in the use of CFSS. If through the assessment process described in subdivision 5 a participant is determined to be in need of a participant's representative, one must be selected. If the participant is unable to assist in the selection of a participant's representative, the legal representative shall appoint one. Two persons may be designated as a participant's representative for reasons such as divided households and court-ordered custodies. Duties of a participant's representatives may include:

(1) being available while ~~care is~~ services are provided in a method agreed upon by the participant or the participant's legal representative and documented in the participant's CFSS service delivery plan;

(2) monitoring CFSS services to ensure the participant's CFSS service delivery plan is being followed; and

(3) reviewing and signing CFSS time sheets after services are provided to provide verification of the CFSS services.

~~(r)~~ (s) "Person-centered planning process" means a process that is directed by the participant to plan for services and supports. The person-centered planning process must:

(1) include people chosen by the participant;

(2) provide necessary information and support to ensure that the participant directs the process to the maximum extent possible, and is enabled to make informed choices and decisions;

(3) be timely and occur at time and locations of convenience to the participant;

(4) reflect cultural considerations of the participant;

(5) include strategies for solving conflict or disagreement within the process, including clear conflict-of-interest guidelines for all planning;

(6) provide the participant choices of the services and supports they receive and the staff providing those services and supports;

(7) include a method for the participant to request updates to the plan; and

(8) record the alternative home and community-based settings that were considered by the participant.

~~(s)~~ (t) "Shared services" means the provision of CFSS services by the same CFSS support worker to two or three participants who voluntarily enter into an agreement to receive services at the same time and in the same setting by the same ~~provider~~ employer.

~~(t) "Support specialist" means a professional with the skills and ability to assist the participant using either the agency-provider model under subdivision 11 or the flexible spending model under subdivision 13, in services including but not limited to assistance regarding:~~

~~(1) the development, implementation, and evaluation of the CFSS service delivery plan under subdivision 6;~~

~~(2) recruitment, training, or supervision, including supervision of health-related tasks or behavioral supports appropriately delegated or assigned by a health care professional, and evaluation of support workers; and~~

~~(3) facilitating the use of informal and community supports, goods, or resources.~~

(u) "Support worker" means an a qualified and trained employee of the agency-provider agency-provider or of the participant employer under the budget model who has direct contact with the participant and provides services as specified within the participant's service delivery plan.

(v) "Wages and benefits" means the hourly wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts, or other forms of employee compensation and benefits.

(w) "Worker training and development" means services for developing workers' skills as required by the participant's individual CFSS delivery plan that are arranged for or provided by the agency-provider or purchased by the participant employer. These services include training, education, direct observation and supervision, and evaluation and coaching of job skills and tasks, including supervision of health-related tasks or behavioral supports.

Sec. 5. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) CFSS is available to a person who meets one of the following:

(1) is ~~a recipient an enrollee~~ of medical assistance as determined under section 256B.055, 256B.056, or 256B.057, subdivisions 5 and 9;

(2) is a ~~recipient of~~ participant in the alternative care program under section 256B.0913;

(3) is a waiver ~~recipient~~ participant as defined under section 256B.0915, 256B.092, 256B.093, or 256B.49; or

(4) has medical services identified in a participant's individualized education program and is eligible for services as determined in section 256B.0625, subdivision 26.

(b) In addition to meeting the eligibility criteria in paragraph (a), a person must also meet all of the following:

(1) require assistance and be determined dependent in one activity of daily living or Level I behavior based on assessment under section 256B.0911; and

(2) is not a ~~recipient of~~ participant under a family support grant under section 252.32~~;~~

~~(3) lives in the person's own apartment or home including a family foster care setting licensed under chapter 245A, but not in corporate foster care under chapter 245A; or a noncertified boarding care home or a boarding and lodging establishment under chapter 157.~~

Sec. 6. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 5, is amended to read:

Subd. 5. **Assessment requirements.** (a) The assessment of functional need must:

(1) be conducted by a certified assessor according to the criteria established in section 256B.0911, subdivision 3a;

(2) be conducted face-to-face, initially and at least annually thereafter, or when there is a significant change in the participant's condition or a change in the need for services and supports, or at the request of the participant when the participant experiences a change in condition or needs a change in the services or supports; and

(3) be completed using the format established by the commissioner.

~~(b) A participant who is residing in a facility may be assessed and choose CFSS for the purpose of using CFSS to return to the community as described in subdivisions 3 and 7, paragraph (a), clause (5).~~

~~(c) (b)~~ The results of the assessment and any recommendations and authorizations for CFSS must be determined and communicated in writing by the lead agency's certified assessor as defined in section 256B.0911 to the participant and the agency-provider or ~~financial management services provider~~ FMS contractor chosen by the participant within 40 calendar days and must include the participant's right to appeal under section 256.045, subdivision 3.

~~(d) (c)~~ The lead agency assessor may ~~request~~ authorize a temporary authorization for CFSS services to be provided under the agency-provider model. Authorization for a temporary level of CFSS services under the agency-provider model is limited to the time specified by the commissioner, but shall not exceed 45 days. The level of services authorized under this ~~provision~~ paragraph shall

have no bearing on a future authorization. Upon expiration of the temporary authorization, the participant shall access the consultation service to complete their initial orientation and selection of a service model.

Sec. 7. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 6, is amended to read:

Subd. 6. **Community first services and support service delivery plan.** (a) The CFSS service delivery plan must be developed, ~~implemented,~~ and evaluated through a person-centered planning process by the participant, or the participant's representative or legal representative who may be assisted by a ~~support specialist~~ consultation services provider. The CFSS service delivery plan must reflect the services and supports that are important to the participant and for the participant to meet the needs assessed by the certified assessor and identified in the community support plan under section 256B.0911, subdivision 3, or the coordinated services and support plan identified in section 256B.0915, subdivision 6, if applicable. The CFSS service delivery plan must be reviewed by the participant, the consultation services provider, and the agency-provider or ~~financial management services~~ FMS contractor prior to starting services and at least annually upon reassessment, or when there is a significant change in the participant's condition, or a change in the need for services and supports.

(b) The commissioner shall establish the format and criteria for the CFSS service delivery plan.

(c) The CFSS service delivery plan must be person-centered and:

(1) specify the consultation services provider, agency-provider, or ~~financial management services~~ FMS contractor selected by the participant;

(2) reflect the setting in which the participant resides that is chosen by the participant;

(3) reflect the participant's strengths and preferences;

(4) include the means to address the clinical and support needs as identified through an assessment of functional needs;

(5) include individually identified goals and desired outcomes;

(6) reflect the services and supports, paid and unpaid, that will assist the participant to achieve identified goals, including the costs of the services and supports, and the providers of those services and supports, including natural supports;

(7) identify the amount and frequency of face-to-face supports and amount and frequency of remote supports and technology that will be used;

(8) identify risk factors and measures in place to minimize them, including individualized backup plans;

(9) be understandable to the participant and the individuals providing support;

(10) identify the individual or entity responsible for monitoring the plan;

(11) be finalized and agreed to in writing by the participant and signed by all individuals and providers responsible for its implementation;

(12) be distributed to the participant and other people involved in the plan; ~~and~~

(13) prevent the provision of unnecessary or inappropriate care;

(14) include a detailed budget for expenditures for budget model participants or participants under the agency-provider model if purchasing goods; and

(15) include a plan for worker training and development detailing what service components will be used, when the service components will be used, how they will be provided, and how these service components relate to the participant's individual needs and CFSS support worker services.

(d) The total units of agency-provider services or the service budget allocation amount for the budget model include both annual totals and a monthly average amount that cover the number of months of the service authorization. The amount used each month may vary, but additional funds must not be provided above the annual service authorization amount unless a change in condition is assessed and authorized by the certified assessor and documented in the community support plan, coordinated services and supports plan, and CFSS service delivery plan.

(e) In assisting with the development or modification of the plan during the authorization time period, the consultation services provider shall:

(1) consult with the FMS contractor on the spending budget when applicable; and

(2) consult with the participant or participant's representative, agency-provider, and case manager/care coordinator.

(f) The service plan must be approved by the consultation services provider for participants without a case manager/care coordinator. A case manager/care coordinator must approve the plan for a waiver or alternative care program participant.

Sec. 8. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 7, is amended to read:

Subd. 7. **Community first services and supports; covered services.** Within the service unit authorization or service budget allocation amount, services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to accomplish the task or constant supervision and cueing to accomplish the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan;

(ii) increase independence or substitute for human assistance to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs;

(4) observation and redirection for behavior or symptoms where there is a need for assistance. An assessment of behaviors must meet the criteria in this clause. A recipient participant qualifies as having a need for assistance due to behaviors if the recipient's participant's behavior requires assistance at least four times per week and shows one or more of the following behaviors:

(i) physical aggression towards self or others, or destruction of property that requires the immediate response of another person;

(ii) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(iii) increased need for assistance for recipients participants who are verbally aggressive or resistive to care so that time needed to perform activities of daily living is increased;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

~~(6) transition costs, including:~~

~~(i) deposits for rent and utilities;~~

~~(ii) first month's rent and utilities;~~

~~(iii) bedding;~~

~~(iv) basic kitchen supplies;~~

~~(v) other necessities, to the extent that these necessities are not otherwise covered under any other funding that the participant is eligible to receive; and~~

~~(vi) other required necessities for an individual to make the transition from a nursing facility, institution for mental diseases, or intermediate care facility for persons with developmental disabilities to a community-based home setting where the participant resides; and~~

~~(7) (6) services provided by a support specialist consultation services provider under contract with the department and enrolled as a Minnesota health care program provider as defined under subdivision 2 that are chosen by the participant. 17;~~

~~(7) services provided by an FMS contractor under contract with the department as defined under subdivision 13;~~

~~(8) CFSS services provided by a qualified support worker who is a parent, stepparent, or legal guardian of a participant under age 18, or who is the participant's spouse. These support workers shall not provide any medical assistance home and community-based services in excess of 40 hours per seven-day period regardless of the number of parents, combination of parents and spouses, or number of children who receive medical assistance services; and~~

~~(9) worker training and development services as defined in subdivision 2, paragraph (w), and described in subdivision 18a.~~

Sec. 9. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 8, is amended to read:

Subd. 8. **Determination of CFSS service methodology.** (a) All community first services and supports must be authorized by the commissioner or the commissioner's designee before services begin, except for the assessments established in section 256B.0911. The authorization for CFSS must be completed as soon as possible following an assessment but no later than 40 calendar days from the date of the assessment.

(b) The amount of CFSS authorized must be based on the ~~recipient's~~ participant's home care rating described in paragraphs (d) and (e) and any additional service units for which the ~~person~~ participant qualifies as described in paragraph (f).

(c) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner identifying the following for a recipient participant:

(1) the total number of dependencies of activities of daily living as defined in subdivision 2, paragraph (b);

(2) the presence of complex health-related needs as defined in subdivision 2, paragraph (e); and

(3) the presence of Level I behavior as defined in subdivision 2, paragraph (d), ~~clause (1)~~.

(d) The methodology to determine the total service units for CFSS for each home care rating is based on the median paid units per day for each home care rating from fiscal year 2007 data for the PCA program.

(e) Each home care rating is designated by the letters P through Z and EN and has the following base number of service units assigned:

(1) P home care rating requires Level I behavior or one to three dependencies in ADLs and qualifies one for five service units;

(2) Q home care rating requires Level I behavior and one to three dependencies in ADLs and qualifies one for six service units;

(3) R home care rating requires a complex health-related need and one to three dependencies in ADLs and qualifies one for seven service units;

(4) S home care rating requires four to six dependencies in ADLs and qualifies one for ten service units;

(5) T home care rating requires four to six dependencies in ADLs and Level I behavior and qualifies one for 11 service units;

(6) U home care rating requires four to six dependencies in ADLs and a complex health-related need and qualifies one for 14 service units;

(7) V home care rating requires seven to eight dependencies in ADLs and qualifies one for 17 service units;

(8) W home care rating requires seven to eight dependencies in ADLs and Level I behavior and qualifies one for 20 service units;

(9) Z home care rating requires seven to eight dependencies in ADLs and a complex health-related need and qualifies one for 30 service units; and

(10) EN home care rating includes ventilator dependency as defined in section 256B.0651, subdivision 1, paragraph (g). Recipients Participants who meet the definition of ventilator-dependent and the EN home care rating and utilize a combination of CFSS and other ~~home care~~ home-care services are limited to a total of 96 service units per day for those services in combination.

Additional units may be authorized when a ~~recipient's~~ participant's assessment indicates a need for two staff to perform activities. Additional time is limited to 16 service units per day.

(f) Additional service units are provided through the assessment and identification of the following:

(1) 30 additional minutes per day for a dependency in each critical activity of daily living as defined in subdivision 2, paragraph ~~(h)~~ (j);

(2) 30 additional minutes per day for each complex health-related function as defined in subdivision 2, paragraph ~~(e)~~ (f); and

(3) 30 additional minutes per day for each behavior issue as defined in subdivision 2, paragraph (d).

(g) The service budget for budget model participants shall be based on:

(1) assessed units as determined by the home care rating; and

(2) an adjustment needed for administrative expenses.

Sec. 10. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 9, is amended to read:

Subd. 9. **Noncovered services.** (a) Services or supports that are not eligible for payment under this section include those that:

(1) are not authorized by the certified assessor or included in the written service delivery plan;

(2) are provided prior to the authorization of services and the approval of the written CFSS service delivery plan;

(3) are duplicative of other paid services in the written service delivery plan;

(4) supplant natural unpaid supports that appropriately meet a need in the service plan, are provided voluntarily to the participant, and are selected by the participant in lieu of other services and supports;

(5) are not effective means to meet the participant's needs; and

(6) are available through other funding sources, including, but not limited to, funding through title IV-E of the Social Security Act.

(b) Additional services, goods, or supports that are not covered include:

(1) those that are not for the direct benefit of the participant, except that services for caregivers such as training to improve the ability to provide CFSS are considered to directly benefit the participant if chosen by the participant and approved in the support plan;

(2) any fees incurred by the participant, such as Minnesota health care programs fees and co-pays, legal fees, or costs related to advocate agencies;

(3) insurance, except for insurance costs related to employee coverage;

(4) room and board costs for the participant ~~with the exception of allowable transition costs in subdivision 7, clause (6)~~;

- (5) services, supports, or goods that are not related to the assessed needs;
- (6) special education and related services provided under the Individuals with Disabilities Education Act and vocational rehabilitation services provided under the Rehabilitation Act of 1973;
- (7) assistive technology devices and assistive technology services other than those for back-up systems or mechanisms to ensure continuity of service and supports listed in subdivision 7;
- (8) medical supplies and equipment covered under medical assistance;
- (9) environmental modifications, except as specified in subdivision 7;
- (10) expenses for travel, lodging, or meals related to training the participant; or the participant's representative; or legal representative; or paid or unpaid caregivers that exceed \$500 in a 12-month period;
- (11) experimental treatments;
- (12) any service or good covered by other medical assistance state plan services, including prescription and over-the-counter medications, compounds, and solutions and related fees, including premiums and co-payments;
- (13) membership dues or costs, except when the service is necessary and appropriate to treat a physical health condition or to improve or maintain the participant's physical health condition. The condition must be identified in the participant's CFSS plan and monitored by a physician enrolled in a Minnesota health care program Minnesota health care program enrolled physician;
- (14) vacation expenses other than the cost of direct services;
- (15) vehicle maintenance or modifications not related to the disability, health condition, or physical need; and
- (16) tickets and related costs to attend sporting or other recreational or entertainment events;;
- (17) services provided and billed by a provider who is not an enrolled CFSS provider;
- (18) CFSS provided by a participant's representative or paid legal guardian;
- (19) services that are used solely as a child care or babysitting service;
- (20) services that are the responsibility or in the daily rate of a residential or program license holder under the terms of a service agreement and administrative rules;
- (21) sterile procedures;
- (22) giving of injections into veins, muscles, or skin;
- (23) homemaker services that are not an integral part of the assessed CFSS service;
- (24) home maintenance or chore services;
- (25) home-care services, including hospice services if elected by the participant covered by Medicare or any other insurance held by the participant;
- (26) services to other members of the participant's household;
- (27) services not specified as covered under medical assistance as CFSS;

- (28) application of restraints or implementation of deprivation procedures;
- (29) assessments by CFSS provider organizations or by independently enrolled registered nurses;
- (30) services provided in lieu of legally required staffing in a residential or child care setting; and
- (31) services provided by the residential or program license holder in a residence for more than four persons.

Sec. 11. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 10, is amended to read:

Subd. 10. **Provider Agency-provider and FMS contractor qualifications and, general requirements, and duties.** (a) Agency-providers delivering services under the agency-provider model under subdivision 11 or financial management service (FMS) FMS contractors under subdivision 13 shall:

- (1) enroll as a medical assistance Minnesota health care programs provider and meet all applicable provider standards and requirements;
 - (2) comply with medical assistance provider enrollment requirements;
 - (3) (2) demonstrate compliance with law federal and state laws and policies of for CFSS as determined by the commissioner;
 - (4) (3) comply with background study requirements under chapter 245C and maintain documentation of background study requests and results;
 - (5) (4) verify and maintain records of all services and expenditures by the participant, including hours worked by support workers and support specialists;
 - (6) (5) not engage in any agency-initiated direct contact or marketing in person, by telephone, or other electronic means to potential participants, guardians, family members, or participants' representatives;
 - (6) directly provide services and not use a subcontractor or reporting agent;
 - (7) meet the financial requirements established by the commissioner for financial solvency;
 - (8) have never had a lead agency contract or provider agreement discontinued due to fraud, or have never had an owner, board member, or manager fail a state or FBI-based criminal background check while enrolled or seeking enrollment as a Minnesota health care programs provider;
 - (9) have established business practices that include written policies and procedures, internal controls, and a system that demonstrates the provider's ability to deliver quality CFSS; and
 - (10) have an office located in Minnesota.
- (b) In conducting general duties, agency-providers and FMS contractors shall:
- (7) (1) pay support workers and support specialists based upon actual hours of services provided;

(2) pay for worker training and development services based upon actual hours of services provided or the unit cost of the training session purchased;

~~(8)~~ (3) withhold and pay all applicable federal and state payroll taxes;

~~(9)~~ (4) make arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

~~(10)~~ (5) enter into a written agreement with the participant, participant's representative, or legal representative that assigns roles and responsibilities to be performed before services, supports, or goods are provided using a format established by the commissioner;

~~(11)~~ (6) report maltreatment as required under sections 626.556 and 626.557; and

~~(12)~~ (7) provide the participant with a copy of the service-related rights under subdivision 20 at the start of services and supports; and

(8) comply with any data requests from the department consistent with the Minnesota Government Data Practices Act.

Sec. 12. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 11, is amended to read:

Subd. 11. **Agency-provider model.** (a) ~~The agency-provider model is limited to the~~ includes services provided by support workers and support specialists staff providing worker training and development services who are employed by an agency-provider that is licensed according to chapter 245A or meets other criteria established by the commissioner, including required training.

(b) The agency-provider shall allow the participant to have a significant role in the selection and dismissal of the support workers for the delivery of the services and supports specified in the participant's service delivery plan.

(c) A participant may use authorized units of CFSS services as needed within a service authorization that is not greater than 12 months. Using authorized units in a flexible manner in either the agency-provider model or the budget model does not increase the total amount of services and supports authorized for a participant or included in the participant's service delivery plan.

(d) A participant may share CFSS services. Two or three CFSS participants may share services at the same time provided by the same support worker.

(e) The agency-provider must use a minimum of 72.5 percent of the revenue generated by the medical assistance payment for CFSS for support worker wages and benefits. The agency-provider must document how this requirement is being met. The revenue generated by the ~~support specialist worker training and development services~~ and the reasonable costs associated with the ~~support specialist worker training and development services~~ must not be used in making this calculation.

(f) The agency-provider model must be used by individuals who have been restricted by the Minnesota restricted recipient program under Minnesota Rules, parts 9505.2160 to 9505.2245.

(g) Participants purchasing goods under this model, along with support worker services, must:

(1) specify the goods in the service delivery plan and detailed budget for expenditures that must be approved by the consultation services provider or the case manager/care coordinator; and

(2) use the FMS contractor for the billing and payment of such goods.

Sec. 13. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 12, is amended to read:

Subd. 12. **Requirements for enrollment of CFSS provider agency-provider agencies.** (a) All CFSS ~~provider agencies~~ agency-providers must provide, at the time of enrollment, reenrollment, and revalidation as a CFSS ~~provider agency~~ agency-provider in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the CFSS ~~provider agency's~~ agency-provider's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage. Upon new enrollment, or if the ~~provider agency's~~ agency-provider's Medicaid revenue in the previous calendar year is less than or equal to \$300,000, the ~~provider agency~~ agency-provider must purchase a performance bond of \$50,000. If the ~~provider agency's~~ agency-provider's Medicaid revenue in the previous calendar year is greater than \$300,000, the ~~provider agency~~ agency-provider must purchase a performance bond of \$100,000. The performance bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of \$20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the CFSS ~~provider agency's~~ agency-provider's organization identifying the names of all owners, managing employees, staff, board of directors, and the affiliations of the directors; ~~and owners, or staff to other service providers;~~

(7) a copy of the CFSS ~~provider agency's~~ agency-provider's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(8) copies of all other forms the CFSS ~~provider agency~~ agency-provider uses in the course of daily business including, but not limited to:

(i) a copy of the CFSS ~~provider agency's~~ agency-provider's time sheet if the time sheet varies from the standard time sheet for CFSS services approved by the commissioner, and a letter requesting approval of the CFSS ~~provider agency's~~ agency-provider's nonstandard time sheet; and

(ii) ~~the a copy of the participant's individual~~ CFSS provider agency's template for the CFSS care service delivery plan;

(9) a list of all training and classes that the CFSS ~~provider agency~~ agency-provider requires of its staff providing CFSS services;

(10) documentation that the CFSS ~~provider agency~~ agency-provider and staff have successfully completed all the training required by this section;

(11) documentation of the ~~agency's~~ agency-provider's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that are used or could be used for providing ~~home-care~~ home-care services;

(13) documentation that the ~~agency~~ agency-provider will use at least the following percentages of revenue generated from the medical assistance rate paid for CFSS services for ~~employee personal care assistant~~ CFSS support worker wages and benefits: 72.5 percent of revenue from CFSS providers. The revenue generated by the ~~support specialist~~ worker training and development services and the reasonable costs associated with the ~~support specialist~~ worker training and development services shall not be used in making this calculation; and

(14) documentation that the ~~agency~~ agency-provider does not burden ~~recipients'~~ participants' free exercise of their right to choose service providers by requiring ~~personal care assistants~~ CFSS support workers to sign an agreement not to work with any particular CFSS ~~recipient~~ participant or for another CFSS ~~provider~~ agency-provider after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS ~~provider agencies~~ agency-providers shall provide to the commissioner the information specified in paragraph (a).

(c) All CFSS ~~provider agencies~~ agency-providers shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS ~~provider agency~~ agency-provider do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. CFSS ~~provider agency~~ agency-provider billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. CFSS ~~provider agencies certified for participation in Medicare as home health agencies~~ are exempt from the training required in this subdivision.

(d) The commissioner shall send annual renewal notifications to agency-providers 30 days prior to renewal. The notification must:

- (1) list the materials and information the agency-provider is required to submit;
- (2) provide instructions on submitting information to the commissioner; and
- (3) provide a due date by which the commissioner must receive the requested information.

Agency-providers shall submit the required documentation for annual review within 30 days of notification from the commissioner. If no documentation is submitted, the agency-provider enrollment number must be terminated or suspended.

Sec. 14. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 13, is amended to read:

Subd. 13. **Budget model.** (a) Under the budget model participants ~~can~~ may exercise ~~more~~ responsibility and control over the services and supports described and budgeted within the CFSS service delivery plan. Participants must use services provided by an FMS contractor as defined

in subdivision 2, paragraph (m). Under this model, participants may use their approved service budget allocation to:

(1) directly employ support workers, and pay wages, federal and state payroll taxes, and premiums for workers' compensation, liability, and health insurance coverage; and

(2) obtain supports and goods as defined in subdivision 7; and

(3) choose a range of support assistance services from the financial management services (FMS) contractor related to:

(i) assistance in managing the budget to meet the service delivery plan needs, consistent with federal and state laws and regulations;

(ii) the employment, training, supervision, and evaluation of workers by the participant;

(iii) acquisition and payment for supports and goods; and

(iv) evaluation of individual service outcomes as needed for the scope of the participant's degree of control and responsibility.

(b) Participants who are unable to fulfill any of the functions listed in paragraph (a) may authorize a legal representative or participant's representative to do so on their behalf.

(c) The commissioner shall disenroll or exclude participants from the budget model and transfer them to the agency-provider model under, but not limited to, the following circumstances:

(1) when a participant has been restricted by the Minnesota restricted recipient program, in which case the participant may be excluded for a specified time period under Minnesota Rules, parts 9505.2160 to 9505.2245;

(2) when a participant exits the budget model during the participant's service plan year. Upon transfer, the participant shall not access the budget model for the remainder of that service plan year;
or

(3) when the department determines that the participant or participant's representative or legal representative cannot manage participant responsibilities under the budget model. The commissioner must develop policies for determining if a participant is unable to manage responsibilities under the budget model.

(d) A participant may appeal in writing to the department under section 256.045, subdivision 3, to contest the department's decision under paragraph (c), clause (3), to disenroll or exclude the participant from the budget model.

(e) (e) The FMS contractor shall not provide CFSS services and supports under the agency-provider service model.

(f) The FMS contractor shall provide service functions as determined by the commissioner for budget model participants that include but are not limited to:

(1) information and consultation about CFSS;

(2) (1) assistance with the development of the detailed budget for expenditures portion of the service delivery plan and budget model as requested by the consultation services provider or participant;

~~(3)~~ (2) billing and making payments for budget model expenditures;

~~(4)~~ (3) assisting participants in fulfilling employer-related requirements according to ~~Internal Revenue Service Revenue Procedure 70-6, section 3504, Agency Employer Tax Liability, regulation 137036-08~~ section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1, which includes assistance with filing and paying payroll taxes, and obtaining worker compensation coverage;

~~(5)~~ (4) data recording and reporting of participant spending; ~~and~~

~~(6)~~ (5) other duties established in the contract with the department, including with respect to providing assistance to the participant, participant's representative, or legal representative in performing their employer responsibilities regarding support workers. The support worker shall not be considered the employee of the ~~financial management services FMS~~ contractor; and

(6) billing, payment, and accounting of approved expenditures for goods for agency-provider participants.

~~(d) A participant who requests to purchase goods and supports along with support worker services under the agency-provider model must use the budget model with a service delivery plan that specifies the amount of services to be authorized to the agency-provider and the expenditures to be paid by the FMS contractor.~~

~~(e)~~ (g) The FMS contractor shall:

(1) not limit or restrict the participant's choice of service or support providers or service delivery models consistent with any applicable state and federal requirements;

(2) provide the participant, consultation services provider, and the ~~targeted~~ case manager, if applicable, with a monthly written summary of the spending for services and supports that were billed against the spending budget;

(3) be knowledgeable of state and federal employment regulations, including those under the Fair Labor Standards Act of 1938, and comply with the requirements under ~~the Internal Revenue Service Revenue Procedure 70-6, Section 3504,~~ section 3504 of the Internal Revenue Code and related regulations and interpretations, including Code of Federal Regulations, title 26, section 31.3504-1, regarding agency employer tax liability for vendor or fiscal employer agent, and any requirements necessary to process employer and employee deductions, provide appropriate and timely submission of employer tax liabilities, and maintain documentation to support medical assistance claims;

(4) have current and adequate liability insurance and bonding and sufficient cash flow as determined by the commissioner and have on staff or under contract a certified public accountant or an individual with a baccalaureate degree in accounting;

(5) assume fiscal accountability for state funds designated for the program and be held liable for any overpayments or violations of applicable statutes or rules, including but not limited to the Minnesota False Claims Act, chapter 15C; and

(6) maintain documentation of receipts, invoices, and bills to track all services and supports expenditures for any goods purchased and maintain time records of support workers. The documentation and time records must be maintained for a minimum of five years from the claim date and be available for audit or review upon request by the commissioner. Claims submitted by

the FMS contractor to the commissioner for payment must correspond with services, amounts, and time periods as authorized in the participant's spending service budget and service plan and must contain specific identifying information as determined by the commissioner.

(f) ~~(h)~~ The commissioner of human services shall:

- (1) establish rates and payment methodology for the FMS contractor;
- (2) identify a process to ensure quality and performance standards for the FMS contractor and ensure statewide access to FMS contractors; and
- (3) establish a uniform protocol for delivering and administering CFSS services to be used by eligible FMS contractors.

~~(g) The commissioner of human services shall disenroll or exclude participants from the budget model and transfer them to the agency-provider model under the following circumstances that include but are not limited to:~~

~~(1) when a participant has been restricted by the Minnesota restricted recipient program, the participant may be excluded for a specified time period under Minnesota Rules, parts 9505.2160 to 9505.2245;~~

~~(2) when a participant exits the budget model during the participant's service plan year. Upon transfer, the participant shall not access the budget model for the remainder of that service plan year; or~~

~~(3) when the department determines that the participant or participant's representative or legal representative cannot manage participant responsibilities under the budget model. The commissioner must develop policies for determining if a participant is unable to manage responsibilities under a budget model.~~

~~(h) A participant may appeal under section 256.045, subdivision 3, in writing to the department to contest the department's decision under paragraph (c), clause (3), to remove or exclude the participant from the budget model.~~

Sec. 15. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 15, is amended to read:

Subd. 15. **Documentation of support services provided.** (a) Support services provided to a participant by a support worker employed by either an agency-provider or the participant acting as the employer must be documented daily by each support worker, on a time sheet form approved by the commissioner. All documentation may be Web-based, electronic, or paper documentation. The completed form must be submitted on a monthly regular basis to the provider or the participant and the FMS contractor selected by the participant to provide assistance with meeting the participant's employer obligations and kept in the recipient's health participant's record.

(b) The activity documentation must correspond to the written service delivery plan and be reviewed by the agency-provider or the participant and the FMS contractor when the participant is acting as the employer of the support worker.

(c) The time sheet must be on a form approved by the commissioner documenting time the support worker provides services in the home to the participant. The following criteria must be included in the time sheet:

- (1) full name of the support worker and individual provider number;
- (2) provider agency-provider name and telephone numbers, if ~~an agency-provider~~ is responsible for delivery services under the written service plan;
- (3) full name of the participant;
- (4) consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations;
- (5) signatures of the participant or the participant's representative;
- (6) personal signature of the support worker;
- (7) any shared care provided, if applicable;
- (8) a statement that it is a federal crime to provide false information on CFSS billings for medical assistance payments; and
- (9) dates and location of recipient participant stays in a hospital, care facility, or incarceration.

Sec. 16. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 16, is amended to read:

Subd. 16. **Support workers requirements.** (a) Support workers shall:

(1) enroll with the department as a support worker after a background study under chapter 245C has been completed and the support worker has received a notice from the commissioner that:

- (i) the support worker is not disqualified under section 245C.14; or
- (ii) is disqualified, but the support worker has received a set-aside of the disqualification under section 245C.22;

(2) have the ability to effectively communicate with the participant or the participant's representative;

(3) have the skills and ability to provide the services and supports according to the person's participant's CFSS service delivery plan and respond appropriately to the participant's needs;

(4) not be a participant of CFSS, unless the support services provided by the support worker differ from those provided to the support worker;

(5) complete the basic standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Support worker training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of support workers including information about basic body mechanics, emergency preparedness, orientation to positive behavioral practices, orientation to responding to a mental health crisis, fraud issues, time cards and documentation, and an overview of person-centered planning and self-direction. Upon completion of the training components, the support worker must pass the certification test to provide assistance to participants;

(6) complete training and orientation on the participant's individual needs; and

(7) maintain the privacy and confidentiality of the participant, and not independently determine the medication dose or time for medications for the participant.

(b) The commissioner may deny or terminate a support worker's provider enrollment and provider number if the support worker:

- (1) lacks the skills, knowledge, or ability to adequately or safely perform the required work;
- (2) fails to provide the authorized services required by the participant employer;
- (3) has been intoxicated by alcohol or drugs while providing authorized services to the participant or while in the participant's home;
- (4) has manufactured or distributed drugs while providing authorized services to the participant or while in the participant's home; or
- (5) has been excluded as a provider by the commissioner of human services, or the United States Department of Health and Human Services, Office of Inspector General, from participation in Medicaid, Medicare, or any other federal health care program.

(c) A support worker may appeal in writing to the commissioner to contest the decision to terminate the support worker's provider enrollment and provider number.

(d) A support worker must not provide or be paid for more than 275 hours of CFSS per month, regardless of the number of participants the support worker serves or the number of agency-providers or participant employers by which the support worker is employed. The department shall not disallow the number of hours per day a support worker works unless it violates other law.

Sec. 17. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 16a. Exception to support worker requirements for continuity of services. The support worker for a participant may be allowed to enroll with a different CFSS agency-provider or FMS contractor upon initiation, rather than completion of a new background study according to chapter 245C, if the following conditions are met:

(1) the commissioner determines that the support worker's change in enrollment or affiliation is needed to ensure continuity of services and protect the health and safety of the participant;

(2) the chosen agency-provider or FMS contractor has been continuously enrolled as a CFSS agency-provider or FMS contractor for at least two years or since the inception of the CFSS program, whichever is shorter;

(3) the participant served by the support worker chooses to transfer to the CFSS agency-provider or the FMS contractor to which the support worker is transferring;

(4) the support worker has been continuously enrolled with the former CFSS agency-provider or FMS contractor since the support worker's last background study was completed; and

(5) the support worker continues to meet requirements of subdivision 16, excluding paragraph (a), clause (1).

Sec. 18. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 17, is amended to read:

Subd. 17. ~~Support specialist requirements and payments~~ **Consultation services description and duties.** ~~The commissioner shall develop qualifications, scope of functions, and payment rates and service limits for a support specialist that may provide additional or specialized assistance necessary to plan, implement, arrange, augment, or evaluate services and supports.~~

(a) Consultation services means providing assistance to the participant in making informed choices regarding CFSS services in general, and self-directed tasks in particular, and in developing a person-centered service delivery plan to achieve quality service outcomes.

(b) Consultation services is a required service that may include but is not limited to:

(1) an initial and annual orientation to CFSS information and policies, including selecting a service model;

(2) assistance with the development, implementation, management, and evaluation of the person-centered service delivery plan;

(3) consultation on recruiting, selecting, training, managing, directing, evaluating, and supervising support workers;

(4) reviewing the use of and access to informal and community supports, goods, or resources;

(5) assistance with fulfilling responsibilities and requirements of CFSS, including modifying service delivery plans and changing service models; and

(6) assistance with accessing FMS contractors or agency-providers.

(c) Duties of a consultation services provider shall include but are not limited to:

(1) review and finalization of the CFSS service delivery plan by the consultation services provider organization;

(2) distribution of copies of the final service delivery plan to the participant and to the agency-provider or FMS contractor, case manager/care coordinator, and other designated parties;

(3) an evaluation of services upon receiving information from an FMS contractor indicating spending or participant employer concerns;

(4) a semiannual review of services if the participant does not have a case manager/care coordinator and when the support worker is a paid parent of a minor participant or the participant's spouse;

(5) collection and reporting of data as required by the department; and

(6) providing the participant with a copy of the service-related rights under subdivision 20 at the start of consultation services.

Sec. 19. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 17a. **Consultation service provider qualifications and requirements.** The commissioner shall develop the qualifications and requirements for providers of consultation

services under subdivision 17. These providers must satisfy at least the following qualifications and requirements:

- (1) are under contract with the department;
- (2) are not the FMS contractor as defined in subdivision 2, paragraph (m), the CFSS or home and community-based services waiver agency-provider or vendor to the participant, or a lead agency;
- (3) meet the service standards as established by the commissioner;
- (4) employ lead professional staff with a minimum of three years of experience in providing support planning, support broker, or consultation services and consumer education to participants using a self-directed program using FMS under medical assistance;
- (5) are knowledgeable about CFSS roles and responsibilities including those of the certified assessor, FMS contractor, agency-provider, and case manager/care coordinator;
- (6) comply with medical assistance provider requirements;
- (7) understand the CFSS program and its policies;
- (8) are knowledgeable about self-directed principles and the application of the person-centered planning process;
- (9) have general knowledge of the FMS contractor duties and participant employment model, including all applicable federal, state, and local laws and regulations regarding tax, labor, employment, and liability and workers' compensation coverage for household workers; and
- (10) have all employees, including lead professional staff, staff in management and supervisory positions, and owners of the agency who are active in the day-to-day management and operations of the agency, complete training as specified in the contract with the department.

Sec. 20. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 18, is amended to read:

Subd. 18. **Service unit and budget allocation requirements and limits.** (a) For the agency-provider model, services will be authorized in units of service. The total service unit amount must be established based upon the assessed need for CFSS services, and must not exceed the maximum number of units available as determined under subdivision 8.

(b) For the budget model, the service budget allocation allowed for services and supports is established by multiplying the number of units authorized under subdivision 8 by the payment rate established by the commissioner defined in subdivision 8, paragraph (g).

Sec. 21. Minnesota Statutes 2013 Supplement, section 256B.85, is amended by adding a subdivision to read:

Subd. 18a. **Worker training and development services.** (a) The commissioner shall develop the scope of tasks and functions, service standards, and service limits for worker training and development services.

(b) Worker training and development services are in addition to the participant's assessed service units or service budget. Services provided according to this subdivision must:

(1) help support workers obtain and expand the skills and knowledge necessary to ensure competency in providing quality services as needed and defined in the participant's service delivery plan;

(2) be provided or arranged for by the agency-provider under subdivision 11 or purchased by the participant employer under the budget model under subdivision 13; and

(3) be described in the participant's CFSS service delivery plan and documented in the participant's file.

(c) Services covered under worker training and development shall include:

(1) support worker training on the participant's individual assessed needs, condition, or both, provided individually or in a group setting by a skilled and knowledgeable trainer beyond any training the participant or participant's representative provides;

(2) tuition for professional classes and workshops for the participant's support workers that relate to the participant's assessed needs, condition, or both;

(3) direct observation, monitoring, coaching, and documentation of support worker job skills and tasks, beyond any training the participant or participant's representative provides, including supervision of health-related tasks or behavioral supports that is conducted by an appropriate professional based on the participant's assessed needs. These services must be provided within 14 days of the start of services or the start of a new support worker except as provided in paragraph (d) and must be specified in the participant's service delivery plan; and

(4) reporting service and support concerns to the appropriate provider.

(d) The services in paragraph (c), clause (3), are not required to be provided for a new support worker providing services for a participant due to staffing failures, unless the support worker is expected to provide ongoing backup staffing coverage.

(e) Worker training and development services shall not include:

(1) general agency training, worker orientation, or training on CFSS self-directed models;

(2) payment for preparation or development time for the trainer or presenter;

(3) payment of the support worker's salary or compensation during the training;

(4) training or supervision provided by the participant, the participant's support worker, or the participant's informal supports, including the participant's representative; or

(5) services in excess of 96 units per annual service authorization, unless approved by the department.

Sec. 22. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 23, is amended to read:

Subd. 23. **Commissioner's access.** When the commissioner is investigating a possible overpayment of Medicaid funds, the commissioner must be given immediate access without prior notice to the ~~agency provider~~ agency-provider or FMS contractor's office during regular business hours and to documentation and records related to services provided and submission of claims for services provided. Denying the commissioner access to records is cause for immediate suspension

of payment and terminating the agency provider's enrollment according to section 256B.064 or terminating the FMS contract.

Sec. 23. Minnesota Statutes 2013 Supplement, section 256B.85, subdivision 24, is amended to read:

Subd. 24. **CFSS agency-providers; background studies.** CFSS agency-providers enrolled to provide ~~personal care assistance~~ CFSS services under the medical assistance program shall comply with the following:

(1) owners who have a five percent interest or more and all managing employees are subject to a background study as provided in chapter 245C. This applies to currently enrolled CFSS agency-providers and those agencies seeking enrollment as a CFSS agency-provider. "Managing employee" has the same meaning as Code of Federal Regulations, title 42, section 455. An organization is barred from enrollment if:

(i) the organization has not initiated background studies on owners managing employees; or

(ii) the organization has initiated background studies on owners and managing employees, but the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set-aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all ~~support specialists~~ staff who will have direct contact with the participant to provide worker training and development; and

(3) a background study must be initiated and completed for all support workers.

Sec. 24. Laws 2013, chapter 108, article 7, section 49, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective upon federal approval but no earlier than April 1, 2014. The service will begin 90 days after federal approval ~~or April 1, 2014, whichever is later.~~ The commissioner of human services shall notify the revisor of statutes when this occurs.

ARTICLE 18

CONTINUING CARE

Section 1. Minnesota Statutes 2012, section 13.46, subdivision 4, is amended to read:

Subd. 4. **Licensing data.** (a) As used in this subdivision:

(1) "licensing data" are all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" are Social Security numbers, identity of and letters of reference, insurance information, reports from the Bureau of Criminal Apprehension, health examination reports, and social/home studies.

(b)(1)(i) Except as provided in paragraph (c), the following data on applicants, license holders, and former licensees are public: name, address, telephone number of licensees, date of receipt of a completed application, dates of licensure, licensed capacity, type of client preferred, variances granted, record of training and education in child care and child development, type of dwelling, name and relationship of other family members, previous license history, class of license, the existence and status of complaints, and the number of serious injuries to or deaths of individuals in the licensed program as reported to the commissioner of human services, the local social services agency, or any other county welfare agency. For purposes of this clause, a serious injury is one that is treated by a physician.

(ii) When a correction order, an order to forfeit a fine, an order of license suspension, an order of temporary immediate suspension, an order of license revocation, an order of license denial, or an order of conditional license has been issued, or a complaint is resolved, the following data on current and former licensees and applicants are public: the substance and investigative findings of the licensing or maltreatment complaint, licensing violation, or substantiated maltreatment; the record of informal resolution of a licensing violation; orders of hearing; findings of fact; conclusions of law; specifications of the final correction order, fine, suspension, temporary immediate suspension, revocation, denial, or conditional license contained in the record of licensing action; whether a fine has been paid; and the status of any appeal of these actions.

(iii) When a license denial under section 245A.05 or a sanction under section 245A.07 is based on a determination that the license holder or applicant is responsible for maltreatment under section 626.556 or 626.557, the identity of the applicant or license holder as the individual responsible for maltreatment is public data at the time of the issuance of the license denial or sanction.

(iv) When a license denial under section 245A.05 or a sanction under section 245A.07 is based on a determination that the license holder or applicant is disqualified under chapter 245C, the identity of the license holder or applicant as the disqualified individual and the reason for the disqualification are public data at the time of the issuance of the licensing sanction or denial. If the applicant or license holder requests reconsideration of the disqualification and the disqualification is affirmed, the reason for the disqualification and the reason to not set aside the disqualification are public data.

(2) Notwithstanding sections 626.556, subdivision 11, and 626.557, subdivision 12b, when any person subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home is a substantiated perpetrator of maltreatment, and the substantiated maltreatment is a reason for a licensing action, the identity of the substantiated perpetrator of maltreatment is public data. For purposes of this clause, a person is a substantiated perpetrator if the maltreatment determination has been upheld under section 256.045; 626.556, subdivision 10i; 626.557, subdivision 9d; or chapter 14, or if an individual or facility has not timely exercised appeal rights under these sections, except as provided under clause (1).

(3) For applicants who withdraw their application prior to licensure or denial of a license, the following data are public: the name of the applicant, the city and county in which the applicant was seeking licensure, the dates of the commissioner's receipt of the initial application and completed application, the type of license sought, and the date of withdrawal of the application.

(4) For applicants who are denied a license, the following data are public: the name and address of the applicant, the city and county in which the applicant was seeking licensure, the dates of

the commissioner's receipt of the initial application and completed application, the type of license sought, the date of denial of the application, the nature of the basis for the denial, the record of informal resolution of a denial, orders of hearings, findings of fact, conclusions of law, specifications of the final order of denial, and the status of any appeal of the denial.

(5) The following data on persons subject to disqualification under section 245C.14 in connection with a license to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245C.22, subdivisions 2 and 4, and the reasons for setting aside the disqualification; the nature of any disqualification for which a variance was granted under sections 245A.04, subdivision 9; and 245C.30, and the reasons for granting any variance under section 245A.04, subdivision 9; and, if applicable, the disclosure that any person subject to a background study under section 245C.03, subdivision 1, has successfully passed a background study. If a licensing sanction under section 245A.07, or a license denial under section 245A.05, is based on a determination that an individual subject to disqualification under chapter 245C is disqualified, the disqualification as a basis for the licensing sanction or denial is public data. As specified in clause (1), item (iv), if the disqualified individual is the license holder or applicant, the identity of the license holder or applicant and the reason for the disqualification are public data; and, if the license holder or applicant requested reconsideration of the disqualification and the disqualification is affirmed, the reason for the disqualification and the reason to not set aside the disqualification are public data. If the disqualified individual is an individual other than the license holder or applicant, the identity of the disqualified individual shall remain private data.

(6) When maltreatment is substantiated under section 626.556 or 626.557 and the victim and the substantiated perpetrator are affiliated with a program licensed under chapter 245A, the commissioner of human services, local social services agency, or county welfare agency may inform the license holder where the maltreatment occurred of the identity of the substantiated perpetrator and the victim.

(7) Notwithstanding clause (1), for child foster care, only the name of the license holder and the status of the license are public if the county attorney has requested that data otherwise classified as public data under clause (1) be considered private data based on the best interests of a child in placement in a licensed program.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters of complaints or alleged violations of licensing standards under chapters 245A, 245B, 245C, and 245D, and applicable rules and alleged maltreatment under sections 626.556 and 626.557, are confidential data and may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12b.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning a license which has been suspended, immediately suspended, revoked, or denied.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, or 626.5572, subdivision 18, are subject to the destruction provisions of sections 626.556, subdivision 11c, and 626.557, subdivision 12b.

(h) Upon request, not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report of substantiated maltreatment as defined in section 626.556 or 626.557 may be exchanged with the Department of Health for purposes of completing background studies pursuant to section 144.057 and with the Department of Corrections for purposes of completing background studies pursuant to section 241.021.

(i) Data on individuals collected according to licensing activities under chapters 245A and 245C, data on individuals collected by the commissioner of human services according to investigations under chapters 245A, 245B, and 245C, and 245D, and sections 626.556 and 626.557 may be shared with the Department of Human Rights, the Department of Health, the Department of Corrections, the ombudsman for mental health and developmental disabilities, and the individual's professional regulatory board when there is reason to believe that laws or standards under the jurisdiction of those agencies may have been violated or the information may otherwise be relevant to the board's regulatory jurisdiction. Background study data on an individual who is the subject of a background study under chapter 245C for a licensed service for which the commissioner of human services is the license holder may be shared with the commissioner and the commissioner's delegate by the licensing division. Unless otherwise specified in this chapter, the identity of a reporter of alleged maltreatment or licensing violations may not be disclosed.

(j) In addition to the notice of determinations required under section 626.556, subdivision 10f, if the commissioner or the local social services agency has determined that an individual is a substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in section 626.556, subdivision 2, and the commissioner or local social services agency knows that the individual is a person responsible for a child's care in another facility, the commissioner or local social services agency shall notify the head of that facility of this determination. The notification must include an explanation of the individual's available appeal rights and the status of any appeal. If a notice is given under this paragraph, the government entity making the notification shall provide a copy of the notice to the individual who is the subject of the notice.

(k) All not public data collected, maintained, used, or disseminated under this subdivision and subdivision 3 may be exchanged between the Department of Human Services, Licensing Division, and the Department of Corrections for purposes of regulating services for which the Department of Human Services and the Department of Corrections have regulatory authority.

Sec. 2. Minnesota Statutes 2012, section 144A.073, is amended by adding a subdivision to read:

Subd. 14. **Moratorium exception funding.** In fiscal year 2015, the commissioner of health may approve moratorium exception projects under this section for which the full annualized state share of medical assistance costs does not exceed \$1,000,000.

Sec. 3. Minnesota Statutes 2012, section 144A.33, subdivision 2, is amended to read:

Subd. 2. **Providing educational services.** ~~The Minnesota Board on Aging shall provide a grant-in-aid to a statewide, independent, nonprofit, consumer-sponsored agency to provide educational services to councils.~~

Sec. 4. Minnesota Statutes 2013 Supplement, section 245.8251, is amended to read:

245.8251 POSITIVE SUPPORT STRATEGIES AND EMERGENCY MANUAL RESTRAINT; LICENSED FACILITIES AND PROGRAMS.

Subdivision 1. **Rules governing the use of positive support strategies and restricting or prohibiting restrictive interventions.** The commissioner of human services shall, within 24 months of May 23, 2013 by August 31, 2015, adopt rules governing the use of positive support strategies, safety interventions, and emergency use of manual restraint, and restricting or prohibiting the use of restrictive interventions, in all facilities and services licensed under chapter 245D, and in all licensed facilities and licensed services serving persons with a developmental disability or related condition. For the purposes of this section, "developmental disability or related condition" has the meaning given in Minnesota Rules, part 9525.0016, subpart 2, items A to E.

Subd. 2. **Data collection.** (a) ~~The commissioner shall, with stakeholder input, develop identify data collection elements specific to incidents of emergency use of manual restraint and positive support transition plans for persons receiving services from providers governed licensed facilities and licensed services under chapter 245D and in licensed facilities and licensed services serving persons with a developmental disability or related condition as defined in Minnesota Rules, part 9525.0016, subpart 2, effective January 1, 2014. Providers Licensed facilities and licensed services shall report the data in a format and at a frequency determined by the commissioner of human services. Providers shall submit the data to the commissioner and the Office of the Ombudsman for Mental Health and Developmental Disabilities.~~

(b) ~~Beginning July 1, 2013, providers licensed facilities and licensed services regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, shall submit data regarding the use of all controlled procedures identified in Minnesota Rules, part 9525.2740, in a format and at a frequency determined by the commissioner. Providers shall submit the data to the commissioner and the Office of the Ombudsman for Mental Health and Developmental Disabilities.~~

Subd. 3. **External program review committee.** Rules adopted according to this section shall establish requirements for an external program review committee appointed by the commissioner to monitor the implementation of the rules and make recommendations to the commissioner about any needed policy changes after adoption of the rules.

Subd. 4. **Interim review panel.** (a) The commissioner shall establish an interim review panel by August 15, 2014, for the purpose of reviewing requests for emergency use of procedures that have been part of an approved positive support transition plan when necessary to protect a person from imminent risk of serious injury as defined in section 245.91, subdivision 6, due to self-injurious behavior. The panel must make recommendations to the commissioner to approve or deny these requests based on criteria to be established by the interim review panel. The interim

review panel shall operate until the external program review committee is established as required under subdivision 3.

(b) Members of the interim review panel shall be selected based on their expertise and knowledge related to the use of positive support strategies as alternatives to the use of restrictive interventions. The commissioner shall seek input and recommendations in establishing the interim review panel. Members of the interim review panel shall include the following representatives:

- (1) an expert in positive supports;
- (2) a mental health professional, as defined in section 245.462;
- (3) a licensed health professional as defined in section 245D.02, subdivision 14; and
- (4) a representative of the Department of Health.

Sec. 5. Minnesota Statutes 2013 Supplement, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. Exceptions to the moratorium include:

- (1) foster care settings that are required to be registered under chapter 144D;
- (2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);
- (3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/DD, or regional treatment center; restructuring of state-operated services that limits the capacity of state-operated facilities; or allowing movement to the community for people who no longer require the level of care provided in state-operated facilities as provided under section 256B.092, subdivision 13, or 256B.49, subdivision 24;
- (4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care; or
- (5) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by

the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) When an adult resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the adult community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department shall decrease the statewide licensed capacity for adult foster care settings where the physical location is not the primary residence of the license holder, or for adult community residential settings, if the voluntary changes described in paragraph (e) are not sufficient to meet the savings required by reductions in licensed bed capacity under Laws 2011, First Special Session chapter 9, article 7, sections 1 and 40, paragraph (f), and maintain statewide long-term care residential services capacity within budgetary limits. Implementation of the statewide licensed capacity reduction shall begin on July 1, 2013. The commissioner shall delicense up to 128 beds by June 30, 2014, using the needs determination process. Prior to any involuntary reduction of licensed capacity, the commissioner shall consult with lead agencies and license holders to determine which adult foster care settings, where the physical location is not the primary residence of the license holder, or community residential settings, are licensed for up to five beds, but have operated at less than full capacity for 12 or more months as of March 1, 2014. The settings that meet these criteria must be the first to be considered for an involuntary decrease in statewide licensed capacity, up to a maximum of 35 beds. If more than 35 beds are identified that meet these criteria, the commissioner shall prioritize the selection of those beds to be closed based on the length of time the beds have been vacant. The longer a bed has been vacant, the higher priority it must be given for closure. Under this paragraph, the commissioner has the authority to reduce unused licensed capacity of a current foster care program, or the community residential settings, to accomplish the consolidation or closure of settings. Under this paragraph, the commissioner has the authority to manage statewide capacity, including adjusting the capacity available to each county and adjusting statewide available capacity, to meet the statewide needs identified through the process in paragraph (e). A decreased licensed capacity according to this paragraph is not subject to appeal under this chapter.

(d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (c) shall be exempt under the following circumstances:

(1) until August 1, 2013, the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is:

(i) a provider of assertive community treatment (ACT) or adult rehabilitative mental health services (ARMHS) as defined in section 256B.0623;

(ii) a mental health center certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(iii) a mental health clinic certified under Minnesota Rules, parts 9520.0750 to 9520.0870; or

(iv) a provider of intensive residential treatment services (IRTS) licensed under Minnesota Rules, parts 9520.0500 to 9520.0670; or

(2) the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine

where the reduced capacity required under paragraph (c) will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet long-term care service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term care services reports and statewide data and information. By February 1, 2013, and August 1, 2014, and each following year, the commissioner shall provide information and data on the overall capacity of licensed long-term care services, actions taken under this subdivision to manage statewide long-term care services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over health and human services budget.

(f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(g) License holders of foster care homes identified under paragraph (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services.

Sec. 6. Minnesota Statutes 2013 Supplement, section 245A.042, subdivision 3, is amended to read:

Subd. 3. **Implementation.** (a) The commissioner shall implement the responsibilities of this chapter according to the timelines in paragraphs (b) and (c) only within the limits of available appropriations or other administrative cost recovery methodology.

(b) The licensure of home and community-based services according to this section shall be implemented January 1, 2014. License applications shall be received and processed on a phased-in schedule as determined by the commissioner beginning July 1, 2013. Licenses will be issued thereafter upon the commissioner's determination that the application is complete according to section 245A.04.

(c) Within the limits of available appropriations or other administrative cost recovery methodology, implementation of compliance monitoring must be phased in after January 1, 2014.

(1) Applicants who do not currently hold a license issued under chapter 245B must receive an initial compliance monitoring visit after 12 months of the effective date of the initial license for the purpose of providing technical assistance on how to achieve and maintain compliance with the applicable law or rules governing the provision of home and community-based services under chapter 245D. If during the review the commissioner finds that the license holder has failed to achieve compliance with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing review report with recommendations for achieving and maintaining compliance.

(2) Applicants who do currently hold a license issued under this chapter must receive a compliance monitoring visit after 24 months of the effective date of the initial license.

(d) Nothing in this subdivision shall be construed to limit the commissioner's authority to suspend or revoke a license or issue a fine at any time under section 245A.07, or issue correction orders and make a license conditional for failure to comply with applicable laws or rules under section 245A.06, based on the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(e) License holders governed under chapter 245D must ensure compliance with the following requirements within the stated timelines:

(1) service initiation and service planning requirements must be met at the next annual meeting of the person's support team or by January 1, 2015, whichever is later, for the following:

(i) provision of a written notice that identifies the service recipient rights and an explanation of those rights as required under section 245D.04, subdivision 1;

(ii) service planning for basic support services as required under section 245D.07, subdivision 2; and

(iii) service planning for intensive support services under section 245D.071, subdivisions 3 and 4;

(2) staff orientation to program requirements as required under section 245D.09, subdivision 4, for staff hired before January 1, 2014, must be met by January 1, 2015. The license holder may otherwise provide documentation verifying these requirements were met before January 1, 2014;

(3) development of policy and procedures as required under section 245D.11, must be completed no later than August 31, 2014;

(4) written or electronic notice and copies of policies and procedures must be provided to all persons or their legal representatives and case managers as required under section 245D.10, subdivision 4, paragraphs (b) and (c), by September 15, 2014, or within 30 days of development of the required policies and procedures, whichever is earlier; and

(5) all employees must be informed of the revisions and training must be provided on implementation of the revised policies and procedures as required under section 245D.10, subdivision 4, paragraph (d), by September 15, 2014, or within 30 days of development of the required policies and procedures, whichever is earlier.

Sec. 7. Minnesota Statutes 2013 Supplement, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 and background studies for family child care under chapter 245C; to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following

variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment;

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours; and

(7) variances for community residential setting licenses under chapter 245D.

Except as provided in section 245A.14, subdivision 4, paragraph (e), a county agency must not grant a license holder a variance to exceed the maximum allowable family child care license capacity of 14 children.

(b) County agencies must report information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner.

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

(f) During implementation of chapter 245D, the commissioner shall consider:

(1) the role of counties in quality assurance;

(2) the duties of county licensing staff; and

(3) the possible use of joint powers agreements, according to section 471.59, with counties through which some licensing duties under chapter 245D may be delegated by the commissioner to the counties.

Any consideration related to this paragraph must meet all of the requirements of the corrective action plan ordered by the federal Centers for Medicare and Medicaid Services.

(g) Licensing authority specific to section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, for family child foster care programs

providing out-of-home respite, as identified in section 245D.03, subdivision 1, paragraph (b), clause (1), is excluded from the delegation of authority to county and private agencies.

Sec. 8. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 3, is amended to read:

Subd. 3. **Case manager.** "Case manager" means the individual designated to provide waiver case management services, care coordination, or long-term care consultation, as specified in sections 256B.0913, 256B.0915, 256B.092, and 256B.49, or successor provisions. For purposes of this chapter, "case manager" includes case management services as defined in Minnesota Rules, part 9520.0902, subpart 3.

Sec. 9. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 4b, is amended to read:

Subd. 4b. **Coordinated service and support plan.** "Coordinated service and support plan" has the meaning given in sections 256B.0913, subdivision 8; 256B.0915, subdivision 6; 256B.092, subdivision 1b; and 256B.49, subdivision 15, or successor provisions. For purposes of this chapter, "coordinated service and support plan" includes the individual program plan or individual treatment plan as defined in Minnesota Rules, part 9520.0510, subpart 12.

Sec. 10. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 8b, is amended to read:

Subd. 8b. **Expanded support team.** "Expanded support team" means the members of the support team defined in subdivision 46 34 and a licensed health or mental health professional or other licensed, certified, or qualified professionals or consultants working with the person and included in the team at the request of the person or the person's legal representative.

Sec. 11. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 11, is amended to read:

Subd. 11. **Incident.** "Incident" means an occurrence which involves a person and requires the program to make a response that is not a part of the program's ordinary provision of services to that person, and includes:

- (1) serious injury of a person as determined by section 245.91, subdivision 6;
- (2) a person's death;
- (3) any medical emergency, unexpected serious illness, or significant unexpected change in an illness or medical condition of a person that requires the program to call 911, physician treatment, or hospitalization;
- (4) any mental health crisis that requires the program to call 911 or, a mental health crisis intervention team, or a similar mental health response team or service when available and appropriate;
- (5) an act or situation involving a person that requires the program to call 911, law enforcement, or the fire department;
- (6) a person's unauthorized or unexplained absence from a program;
- (7) conduct by a person receiving services against another person receiving services that:

(i) is so severe, pervasive, or objectively offensive that it substantially interferes with a person's opportunities to participate in or receive service or support;

(ii) places the person in actual and reasonable fear of harm;

(iii) places the person in actual and reasonable fear of damage to property of the person; or

(iv) substantially disrupts the orderly operation of the program;

(8) any sexual activity between persons receiving services involving force or coercion as defined under section 609.341, subdivisions 3 and 14;

(9) any emergency use of manual restraint as identified in section 245D.061 or successor provisions; or

(10) a report of alleged or suspected child or vulnerable adult maltreatment under section 626.556 or 626.557.

Sec. 12. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 15b, is amended to read:

Subd. 15b. **Mechanical restraint.** ~~(a) Except for devices worn by the person that trigger electronic alarms to warn staff that a person is leaving a room or area, which do not, in and of themselves, restrict freedom of movement, or the use of adaptive aids or equipment or orthotic devices ordered by a health care professional used to treat or manage a medical condition,~~ "Mechanical restraint" means the use of devices, materials, or equipment attached or adjacent to the person's body, or the use of practices that are intended to restrict freedom of movement or normal access to one's body or body parts, or limits a person's voluntary movement or holds a person immobile as an intervention precipitated by a person's behavior. The term applies to the use of mechanical restraint used to prevent injury with persons who engage in self-injurious behaviors, such as head-banging, gouging, or other actions resulting in tissue damage that have caused or could cause medical problems resulting from the self-injury.

(b) Mechanical restraint does not include the following:

(1) devices worn by the person that trigger electronic alarms to warn staff that a person is leaving a room or area, which do not, in and of themselves, restrict freedom of movement; or

(2) the use of adaptive aids or equipment or orthotic devices ordered by a health care professional used to treat or manage a medical condition.

Sec. 13. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 29, is amended to read:

Subd. 29. **Seclusion.** "Seclusion" means ~~the placement of a person alone in:~~ (1) removing a person involuntarily to a room from which exit is prohibited by a staff person or a mechanism such as a lock, a device, or an object positioned to hold the door closed or otherwise prevent the person from leaving the room; or (2) otherwise involuntarily removing or separating a person from an area, activity, situation, or social contact with others and blocking or preventing the person's return.

Sec. 14. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 34, is amended to read:

Subd. 34. **Support team.** "Support team" means the service planning team identified in section 256B.49, subdivision 15, ~~or~~; the interdisciplinary team identified in Minnesota Rules, part 9525.0004, subpart 14; or the case management team as defined in Minnesota Rules, part 9520.0902, subpart 6.

Sec. 15. Minnesota Statutes 2013 Supplement, section 245D.02, subdivision 34a, is amended to read:

Subd. 34a. **Time out.** "Time out" means ~~removing a person involuntarily from an ongoing activity to a room, either locked or unlocked, or otherwise separating a person from others in a way that prevents social contact and prevents the person from leaving the situation if the person chooses the involuntary removal of a person for a period of time to a designated area from which the person is not prevented from leaving.~~ For the purpose of this chapter, "time out" does not mean voluntary removal or self-removal for the purpose of calming, prevention of escalation, or de-escalation of behavior for a period of up to 15 minutes. "Time out" does not include a person voluntarily moving from an ongoing activity to an unlocked room or otherwise separating from a situation or social contact with others if the person chooses. For the purposes of this definition, "voluntarily" means without being forced, compelled, or coerced; nor does it mean taking a brief "break" or "rest" from an activity for the purpose of providing the person an opportunity to regain self-control.

Sec. 16. Minnesota Statutes 2013 Supplement, section 245D.02, is amended by adding a subdivision to read:

Subd. 35b. **Unlicensed staff.** "Unlicensed staff" means individuals not otherwise licensed or certified by a governmental health board or agency.

Sec. 17. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of basic support services and intensive support services.

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and safety of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community alternatives for disabled individuals, developmental disability, and elderly waiver plans, excluding out-of-home respite care provided to children in a family child foster care home licensed under Minnesota Rules, parts 2960.3000 to 2960.3100, when the child foster care license holder complies with the requirements under section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, which must be stipulated in the statement of intended use required under Minnesota Rules, part 2960.3000, subpart 4;

(2) adult companion services as defined under the brain injury, community alternatives for disabled individuals, and elderly waiver plans, excluding adult companion services provided under

the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;

(3) personal support as defined under the developmental disability waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community alternatives for disabled individuals and developmental disability waiver plans;

(5) night supervision services as defined under the brain injury waiver plan; and

(6) homemaker services as defined under the community alternatives for disabled individuals, brain injury, community alternative care, developmental disability, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and safety of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

(1) intervention services, including:

(i) behavioral support services as defined under the brain injury and community alternatives for disabled individuals waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the developmental disability waiver plan; and

(iii) specialist services as defined under the current developmental disability waiver plan;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental disability waiver plan;

(ii) independent living services training as defined under the brain injury and community alternatives for disabled individuals waiver plans; and

(iii) semi-independent living services;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental disability waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community alternatives for disabled individuals waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided to more than four persons with developmental disabilities in a supervised living facility that is certified by the Department of Health as an ICF/DD, including ICFs/DD;

(4) day services, including:

- (i) structured day services as defined under the brain injury waiver plan;
 - (ii) day training and habilitation services under sections 252.40 to 252.46, and as defined under the developmental disability waiver plan; and
 - (iii) prevocational services as defined under the brain injury and community alternatives for disabled individuals waiver plans; and
- (5) supported employment as defined under the brain injury, developmental disability, and community alternatives for disabled individuals waiver plans.

Sec. 18. Minnesota Statutes 2013 Supplement, section 245D.03, is amended by adding a subdivision to read:

Subd. 1a. **Effect.** The home and community-based services standards establish health, safety, welfare, and rights protections for persons receiving services governed by this chapter. The standards recognize the diversity of persons receiving these services and require that these services are provided in a manner that meets each person's individual needs and ensures continuity in service planning, care, and coordination between the license holder and members of each person's support team or expanded support team.

Sec. 19. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 2, is amended to read:

Subd. 2. Relationship to other standards governing home and community-based services.
(a) A license holder governed by this chapter is also subject to the licensure requirements under chapter 245A.

(b) ~~A corporate or family child foster care site controlled by a license holder and providing services governed by this chapter is exempt from compliance with section 245D.04. This exemption applies to foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to corporate or family child foster care homes that do not provide services licensed under this chapter.~~

(c) A family adult foster care site controlled by a license holder and providing services governed by this chapter is exempt from compliance with Minnesota Rules, parts 9555.6185; 9555.6225, subpart 8; 9555.6245; 9555.6255; and 9555.6265. These exemptions apply to family adult foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to family adult foster care homes that do not provide services licensed under this chapter.

(d) A license holder providing services licensed according to this chapter in a supervised living facility is exempt from compliance with sections section 245D.04; 245D.05, subdivision 2; and 245D.06, subdivision 2, clauses (1), (4), and (5).

(e) A license holder providing residential services to persons in an ICF/DD is exempt from compliance with sections 245D.04; 245D.05, subdivision 1b; 245D.06, subdivision 2, clauses (4) and (5); 245D.071, subdivisions 4 and 5; 245D.081, subdivision 2; 245D.09, subdivision 7; 245D.095, subdivision 2; and 245D.11, subdivision 3.

(f) A license holder providing homemaker services licensed according to this chapter and registered according to chapter 144A is exempt from compliance with section 245D.04.

(g) Nothing in this chapter prohibits a license holder from concurrently serving persons without disabilities or people who are or are not age 65 and older, provided this chapter's standards are met as well as other relevant standards.

(h) The documentation required under sections 245D.07 and 245D.071 must meet the individual program plan requirements identified in section 256B.092 or successor provisions.

Sec. 20. Minnesota Statutes 2013 Supplement, section 245D.03, subdivision 3, is amended to read:

Subd. 3. **Variance.** If the conditions in section 245A.04, subdivision 9, are met, the commissioner may grant a variance to any of the requirements in this chapter, except sections 245D.04; 245D.06, subdivision 4, paragraph (b), and subdivision 6, or successor provisions; and ~~245D.061, subdivision 3, or provisions governing data practices and information rights of persons.~~

Sec. 21. Minnesota Statutes 2013 Supplement, section 245D.04, subdivision 3, is amended to read:

Subd. 3. **Protection-related rights.** (a) A person's protection-related rights include the right to:

(1) have personal, financial, service, health, and medical information kept private, and be advised of disclosure of this information by the license holder;

(2) access records and recorded information about the person in accordance with applicable state and federal law, regulation, or rule;

(3) be free from maltreatment;

(4) be free from restraint, time out, ~~or seclusion, restrictive intervention, or other prohibited procedure identified in section 245D.06, subdivision 5, or successor provisions~~ except for: (i) emergency use of manual restraint to protect the person from imminent danger to self or others according to the requirements in section ~~245D.06; 245D.061~~ or successor provisions; or (ii) the use of safety interventions as part of a positive support transition plan under section 245D.06, subdivision 8, or successor provisions;

(5) receive services in a clean and safe environment when the license holder is the owner, lessor, or tenant of the service site;

(6) be treated with courtesy and respect and receive respectful treatment of the person's property;

(7) reasonable observance of cultural and ethnic practice and religion;

(8) be free from bias and harassment regarding race, gender, age, disability, spirituality, and sexual orientation;

(9) be informed of and use the license holder's grievance policy and procedures, including knowing how to contact persons responsible for addressing problems and to appeal under section 256.045;

(10) know the name, telephone number, and the Web site, e-mail, and street addresses of protection and advocacy services, including the appropriate state-appointed ombudsman, and a brief description of how to file a complaint with these offices;

(11) assert these rights personally, or have them asserted by the person's family, authorized representative, or legal representative, without retaliation;

(12) give or withhold written informed consent to participate in any research or experimental treatment;

(13) associate with other persons of the person's choice;

(14) personal privacy; and

(15) engage in chosen activities.

(b) For a person residing in a residential site licensed according to chapter 245A, or where the license holder is the owner, lessor, or tenant of the residential service site, protection-related rights also include the right to:

(1) have daily, private access to and use of a non-coin-operated telephone for local calls and long-distance calls made collect or paid for by the person;

(2) receive and send, without interference, uncensored, unopened mail or electronic correspondence or communication;

(3) have use of and free access to common areas in the residence; and

(4) privacy for visits with the person's spouse, next of kin, legal counsel, religious advisor, or others, in accordance with section 363A.09 of the Human Rights Act, including privacy in the person's bedroom.

(c) Restriction of a person's rights under ~~subdivision 2, clause (10), or~~ paragraph (a), clauses (13) to (15), or paragraph (b) is allowed only if determined necessary to ensure the health, safety, and well-being of the person. Any restriction of those rights must be documented in the person's coordinated service and support plan or coordinated service and support plan addendum. The restriction must be implemented in the least restrictive alternative manner necessary to protect the person and provide support to reduce or eliminate the need for the restriction in the most integrated setting and inclusive manner. The documentation must include the following information:

(1) the justification for the restriction based on an assessment of the person's vulnerability related to exercising the right without restriction;

(2) the objective measures set as conditions for ending the restriction;

(3) a schedule for reviewing the need for the restriction based on the conditions for ending the restriction to occur semiannually from the date of initial approval, at a minimum, or more frequently if requested by the person, the person's legal representative, if any, and case manager; and

(4) signed and dated approval for the restriction from the person, or the person's legal representative, if any. A restriction may be implemented only when the required approval has been obtained. Approval may be withdrawn at any time. If approval is withdrawn, the right must be immediately and fully restored.

Sec. 22. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1, is amended to read:

Subdivision 1. **Health needs.** (a) The license holder is responsible for meeting health service needs assigned in the coordinated service and support plan or the coordinated service and support plan addendum, consistent with the person's health needs. The license holder is responsible for promptly notifying the person's legal representative, if any, and the case manager of changes in a person's physical and mental health needs affecting health service needs assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, when discovered by the license holder, unless the license holder has reason to know the change has already been reported. The license holder must document when the notice is provided.

(b) If responsibility for meeting the person's health service needs has been assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must maintain documentation on how the person's health needs will be met, including a description of the procedures the license holder will follow in order to:

(1) provide medication setup, assistance, or ~~medication~~ administration according to this chapter. Unlicensed staff responsible for medication setup or medication administration under this section must complete training according to section 245D.09, subdivision 4a, paragraph (d);

(2) monitor health conditions according to written instructions from a licensed health professional;

(3) assist with or coordinate medical, dental, and other health service appointments; or

(4) use medical equipment, devices, or adaptive aides or technology safely and correctly according to written instructions from a licensed health professional.

Sec. 23. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1a, is amended to read:

Subd. 1a. **Medication setup.** (a) For the purposes of this subdivision, "medication setup" means the arranging of medications according to instructions from the pharmacy, the prescriber, or a licensed nurse, for later administration when the license holder is assigned responsibility for ~~medication assistance or medication administration~~ in the coordinated service and support plan or the coordinated service and support plan addendum. A prescription label or the prescriber's written or electronically recorded order for the prescription is sufficient to constitute written instructions from the prescriber.

(b) If responsibility for medication setup is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, or if the license holder provides it as part of medication assistance or medication administration, the license holder must document in the person's medication administration record: dates of setup, name of medication, quantity of dose, times to be administered, and route of administration at time of setup; and, when the person will be away from home, to whom the medications were given.

Sec. 24. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 1b, is amended to read:

Subd. 1b. **Medication assistance.** (a) For purposes of this subdivision, "medication assistance" means any of the following:

(1) bringing to the person and opening a container of previously set up medications, emptying the container into the person's hand, or opening and giving the medications in the original container to the person under the direction of the person;

(2) bringing to the person liquids or food to accompany the medication; or

(3) providing reminders to take regularly scheduled medication or perform regularly scheduled treatments and exercises.

(b) If responsibility for medication assistance is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that ~~the requirements of subdivision 2, paragraph (b), have been met when staff provides medication assistance to~~ enable is provided in a manner that enables a person to self-administer medication or treatment when the person is capable of directing the person's own care, or when the person's legal representative is present and able to direct care for the person. For the purposes of this subdivision, "medication assistance" means any of the following:

~~(1) bringing to the person and opening a container of previously set up medications, emptying the container into the person's hand, or opening and giving the medications in the original container to the person;~~

~~(2) bringing to the person liquids or food to accompany the medication; or~~

~~(3) providing reminders to take regularly scheduled medication or perform regularly scheduled treatments and exercises.~~

Sec. 25. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 2, is amended to read:

Subd. 2. **Medication administration.** ~~(a) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement the following medication administration procedures to ensure a person takes medications and treatments as prescribed~~ For purposes of this subdivision, "medication administration" means:

(1) checking the person's medication record;

(2) preparing the medication as necessary;

(3) administering the medication or treatment to the person;

(4) documenting the administration of the medication or treatment or the reason for not administering the medication or treatment; and

(5) reporting to the prescriber or a nurse any concerns about the medication or treatment, including side effects, effectiveness, or a pattern of the person refusing to take the medication or treatment as prescribed. Adverse reactions must be immediately reported to the prescriber or a nurse.

(b)(1) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement medication administration procedures to ensure a person takes

medications and treatments as prescribed. The license holder must ensure that the requirements in clauses (2) ~~to (4)~~ and (3) have been met before administering medication or treatment.

(2) The license holder must obtain written authorization from the person or the person's legal representative to administer medication or treatment and must obtain reauthorization annually as needed. This authorization shall remain in effect unless it is withdrawn in writing and may be withdrawn at any time. If the person or the person's legal representative refuses to authorize the license holder to administer medication, the medication must not be administered. The refusal to authorize medication administration must be reported to the prescriber as expediently as possible.

~~(3) The staff person responsible for administering the medication or treatment must complete medication administration training according to section 245D.09, subdivision 4a, paragraphs (a) and (c), and, as applicable to the person, paragraph (d).~~

~~(4)~~ (3) For a license holder providing intensive support services, the medication or treatment must be administered according to the license holder's medication administration policy and procedures as required under section 245D.11, subdivision 2, clause (3).

(c) The license holder must ensure the following information is documented in the person's medication administration record:

(1) the information on the current prescription label or the prescriber's current written or electronically recorded order or prescription that includes the person's name, description of the medication or treatment to be provided, and the frequency and other information needed to safely and correctly administer the medication or treatment to ensure effectiveness;

(2) information on any risks or other side effects that are reasonable to expect, and any contraindications to its use. This information must be readily available to all staff administering the medication;

(3) the possible consequences if the medication or treatment is not taken or administered as directed;

(4) instruction on when and to whom to report the following:

(i) if a dose of medication is not administered or treatment is not performed as prescribed, whether by error by the staff or the person or by refusal by the person; and

(ii) the occurrence of possible adverse reactions to the medication or treatment;

(5) notation of any occurrence of a dose of medication not being administered or treatment not performed as prescribed, whether by error by the staff or the person or by refusal by the person, or of adverse reactions, and when and to whom the report was made; and

(6) notation of when a medication or treatment is started, administered, changed, or discontinued.

Sec. 26. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 4, is amended to read:

Subd. 4. Reviewing and reporting medication and treatment issues. (a) When assigned responsibility for medication administration, the license holder must ensure that the information maintained in the medication administration record is current and is regularly reviewed to identify medication administration errors. At a minimum, the review must be conducted every three months,

or more frequently as directed in the coordinated service and support plan or coordinated service and support plan addendum or as requested by the person or the person's legal representative. Based on the review, the license holder must develop and implement a plan to correct patterns of medication administration errors when identified.

(b) If assigned responsibility for medication assistance or medication administration, the license holder must report the following to the person's legal representative and case manager as they occur or as otherwise directed in the coordinated service and support plan or the coordinated service and support plan addendum:

(1) any reports ~~made to the person's physician or prescriber~~ required under subdivision 2, paragraph (c), clause (4);

(2) a person's refusal or failure to take or receive medication or treatment as prescribed; or

(3) concerns about a person's self-administration of medication or treatment.

Sec. 27. Minnesota Statutes 2013 Supplement, section 245D.05, subdivision 5, is amended to read:

Subd. 5. **Injectable medications.** Injectable medications may be administered according to a prescriber's order and written instructions when one of the following conditions has been met:

(1) a registered nurse or licensed practical nurse will administer the ~~subcutaneous or intramuscular~~ injection;

(2) a supervising registered nurse with a physician's order has delegated the administration of ~~subcutaneous~~ injectable medication to an unlicensed staff member and has provided the necessary training; or

(3) there is an agreement signed by the license holder, the prescriber, and the person or the person's legal representative specifying what ~~subcutaneous~~ injections may be given, when, how, and that the prescriber must retain responsibility for the license holder's giving the injections. A copy of the agreement must be placed in the person's service recipient record.

Only licensed health professionals are allowed to administer psychotropic medications by injection.

Sec. 28. Minnesota Statutes 2013 Supplement, section 245D.051, is amended to read:

245D.051 PSYCHOTROPIC MEDICATION USE AND MONITORING.

Subdivision 1. **Conditions for psychotropic medication administration.** (a) When a person is prescribed a psychotropic medication and the license holder is assigned responsibility for administration of the medication in the person's coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that the requirements in ~~paragraphs (b) to (d)~~ and section 245D.05, subdivision 2, are met.

~~(b) Use of the medication must be included in the person's coordinated service and support plan or in the coordinated service and support plan addendum and based on a prescriber's current written or electronically recorded prescription.~~

(e) (b) The license holder must develop, implement, and maintain the following documentation in the person's coordinated service and support plan addendum according to the requirements in sections 245D.07 and 245D.071:

(1) a description of the target symptoms that the psychotropic medication is to alleviate; and

(2) documentation methods the license holder will use to monitor and measure changes in the target symptoms that are to be alleviated by the psychotropic medication if required by the prescriber. The license holder must collect and report on medication and symptom-related data as instructed by the prescriber. The license holder must provide the monitoring data to the expanded support team for review every three months, or as otherwise requested by the person or the person's legal representative.

For the purposes of this section, "target symptom" refers to any perceptible diagnostic criteria for a person's diagnosed mental disorder, as defined by the Diagnostic and Statistical Manual of Mental Disorders Fourth Edition Text Revision (DSM-IV-TR) or successive editions, that has been identified for alleviation.

Subd. 2. **Refusal to authorize psychotropic medication.** If the person or the person's legal representative refuses to authorize the administration of a psychotropic medication as ordered by the prescriber, the license holder must ~~follow the requirement in section 245D.05, subdivision 2, paragraph (b), clause (2): not administer the medication.~~ The refusal to authorize medication administration must be reported to the prescriber as expediently as possible. After reporting the refusal to the prescriber, the license holder must follow any directives or orders given by the prescriber. ~~A court order must be obtained to override the refusal. A refusal may not be overridden without a court order.~~ Refusal to authorize administration of a specific psychotropic medication is not grounds for service termination and does not constitute an emergency. A decision to terminate services must be reached in compliance with section 245D.10, subdivision 3.

Sec. 29. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 1, is amended to read:

Subdivision 1. **Incident response and reporting.** (a) The license holder must respond to incidents under section 245D.02, subdivision 11, that occur while providing services to protect the health and safety of and minimize risk of harm to the person.

(b) The license holder must maintain information about and report incidents to the person's legal representative or designated emergency contact and case manager within 24 hours of an incident occurring while services are being provided, within 24 hours of discovery or receipt of information that an incident occurred, unless the license holder has reason to know that the incident has already been reported, or as otherwise directed in a person's coordinated service and support plan or coordinated service and support plan addendum. An incident of suspected or alleged maltreatment must be reported as required under paragraph (d), and an incident of serious injury or death must be reported as required under paragraph (e).

(c) When the incident involves more than one person, the license holder must not disclose personally identifiable information about any other person when making the report to each person and case manager unless the license holder has the consent of the person.

(d) Within 24 hours of reporting maltreatment as required under section 626.556 or 626.557, the license holder must inform the case manager of the report unless there is reason to believe that the

case manager is involved in the suspected maltreatment. The license holder must disclose the nature of the activity or occurrence reported and the agency that received the report.

(e) The license holder must report the death or serious injury of the person as required in paragraph (b) and to the Department of Human Services Licensing Division, and the Office of Ombudsman for Mental Health and Developmental Disabilities as required under section 245.94, subdivision 2a, within 24 hours of the death, or receipt of information that the death occurred, unless the license holder has reason to know that the death has already been reported.

(f) When a death or serious injury occurs in a facility certified as an intermediate care facility for persons with developmental disabilities, the death or serious injury must be reported to the Department of Health, Office of Health Facility Complaints, and the Office of Ombudsman for Mental Health and Developmental Disabilities, as required under sections 245.91 and 245.94, subdivision 2a, unless the license holder has reason to know that the death has already been reported.

(g) The license holder must conduct an internal review of incident reports of deaths and serious injuries that occurred while services were being provided and that were not reported by the program as alleged or suspected maltreatment, for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. The review must include an evaluation of whether related policies and procedures were followed, whether the policies and procedures were adequate, whether there is a need for additional staff training, whether the reported event is similar to past events with the persons or the services involved, and whether there is a need for corrective action by the license holder to protect the health and safety of persons receiving services. Based on the results of this review, the license holder must develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by staff or the license holder, if any.

(h) The license holder must verbally report the emergency use of manual restraint of a person as required in paragraph (b) within 24 hours of the occurrence. The license holder must ensure the written report and internal review of all incident reports of the emergency use of manual restraints are completed according to the requirements in section 245D.061 or successor provisions.

Sec. 30. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 2, is amended to read:

Subd. 2. **Environment and safety.** The license holder must:

(1) ensure the following when the license holder is the owner, lessor, or tenant of the service site:

(i) the service site is a safe and hazard-free environment;

(ii) that toxic substances or dangerous items are inaccessible to persons served by the program only to protect the safety of a person receiving services when a known safety threat exists and not as a substitute for staff supervision or interactions with a person who is receiving services. If toxic substances or dangerous items are made inaccessible, the license holder must document an assessment of the physical plant, its environment, and its population identifying the risk factors which require toxic substances or dangerous items to be inaccessible and a statement of specific measures to be taken to minimize the safety risk to persons receiving services and to restore accessibility to all persons receiving services at the service site;

(iii) doors are locked from the inside to prevent a person from exiting only when necessary to protect the safety of a person receiving services and not as a substitute for staff supervision or interactions with the person. If doors are locked from the inside, the license holder must document an assessment of the physical plant, the environment and the population served, identifying the risk factors which require the use of locked doors, and a statement of specific measures to be taken to minimize the safety risk to persons receiving services at the service site; and

(iv) a staff person is available at the service site who is trained in basic first aid and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, cardiopulmonary resuscitation (CPR) whenever persons are present and staff are required to be at the site to provide direct support service. The CPR training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a CPR instructor;

(2) maintain equipment, vehicles, supplies, and materials owned or leased by the license holder in good condition when used to provide services;

(3) follow procedures to ensure safe transportation, handling, and transfers of the person and any equipment used by the person, when the license holder is responsible for transportation of a person or a person's equipment;

(4) be prepared for emergencies and follow emergency response procedures to ensure the person's safety in an emergency; and

(5) follow universal precautions and sanitary practices, including hand washing, for infection prevention and control, and to prevent communicable diseases.

Sec. 31. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 4, is amended to read:

Subd. 4. **Funds and property; legal representative restrictions.** (a) Whenever the license holder assists a person with the safekeeping of funds or other property according to section 245A.04, subdivision 13, the license holder must obtain written authorization to do so from the person or the person's legal representative and the case manager. Authorization must be obtained within five working days of service initiation and renewed annually thereafter. At the time initial authorization is obtained, the license holder must survey, document, and implement the preferences of the person or the person's legal representative and the case manager for frequency of receiving a statement that itemizes receipts and disbursements of funds or other property. The license holder must document changes to these preferences when they are requested.

(b) A license holder or staff person may not accept powers-of-attorney from a person receiving services from the license holder for any purpose. This does not apply to license holders that are Minnesota counties or other units of government or to staff persons employed by license holders who were acting as attorney-in-fact for specific individuals prior to implementation of this chapter. The license holder must maintain documentation of the power-of-attorney in the service recipient record.

(c) A license holder or staff person is restricted from accepting an appointment as a guardian as follows:

(1) under section 524.5-309 of the Uniform Probate Code, any individual or agency that provides residence, custodial care, medical care, employment training, or other care or services for which the individual or agency receives a fee may not be appointed as guardian unless related to the respondent by blood, marriage, or adoption; and

(2) under section 245A.03, subdivision 2, paragraph (a), clause (1), a related individual as defined under section 245A.02, subdivision 13, is excluded from licensure. Services provided by a license holder to a person under the license holder's guardianship are not licensed services.

(e) (d) Upon the transfer or death of a person, any funds or other property of the person must be surrendered to the person or the person's legal representative, or given to the executor or administrator of the estate in exchange for an itemized receipt.

Sec. 32. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 6, is amended to read:

Subd. 6. **Restricted procedures.** (a) The following procedures are allowed when the procedures are implemented in compliance with the standards governing their use as identified in clauses (1) to (3). Allowed but restricted procedures include:

(1) permitted actions and procedures subject to the requirements in subdivision 7;

(2) procedures identified in a positive support transition plan subject to the requirements in subdivision 8; or

(3) emergency use of manual restraint subject to the requirements in section 245D.061.

For purposes of this chapter, this section supersedes the requirements identified in Minnesota Rules, part 9525.2740.

(b) A restricted procedure identified in paragraph (a) must not:

(1) be implemented with a child in a manner that constitutes sexual abuse, neglect, physical abuse, or mental injury, as defined in section 626.556, subdivision 2;

(2) be implemented with an adult in a manner that constitutes abuse or neglect as defined in section 626.5572, subdivision 2 or 17;

(3) be implemented in a manner that violates a person's rights identified in section 245D.04;

(4) restrict a person's normal access to a nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, necessary clothing, or any protection required by state licensing standards or federal regulations governing the program;

(5) deny the person visitation or ordinary contact with legal counsel, a legal representative, or next of kin;

(6) be used for the convenience of staff, as punishment, as a substitute for adequate staffing, or as a consequence if the person refuses to participate in the treatment or services provided by the program;

(7) use prone restraint. For purposes of this section, "prone restraint" means use of manual restraint that places a person in a face-down position. Prone restraint does not include brief physical

holding of a person who, during an emergency use of manual restraint, rolls into a prone position, if the person is restored to a standing, sitting, or side-lying position as quickly as possible;

(8) apply back or chest pressure while a person is in a prone position as identified in clause (7), supine position, or side-lying position; or

(9) be implemented in a manner that is contraindicated for any of the person's known medical or psychological limitations.

Sec. 33. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 7, is amended to read:

Subd. 7. **Permitted actions and procedures.** (a) Use of the instructional techniques and intervention procedures as identified in paragraphs (b) and (c) is permitted when used on an intermittent or continuous basis. When used on a continuous basis, it must be addressed in a person's coordinated service and support plan addendum as identified in sections 245D.07 and 245D.071. For purposes of this chapter, the requirements of this subdivision supersede the requirements identified in Minnesota Rules, part 9525.2720.

(b) Physical contact or instructional techniques must use the least restrictive alternative possible to meet the needs of the person and may be used:

(1) to calm or comfort a person by holding that person with no resistance from that person;

(2) to protect a person known to be at risk ~~or~~ of injury due to frequent falls as a result of a medical condition;

(3) to facilitate the person's completion of a task or response when the person does not resist or the person's resistance is minimal in intensity and duration; ~~or~~

(4) to ~~briefly~~ block or redirect a person's limbs or body without holding the person or limiting the person's movement to interrupt the person's behavior that may result in injury to self or others: with less than 60 seconds of physical contact by staff; or

(5) to redirect a person's behavior when the behavior does not pose a serious threat to the person or others and the behavior is effectively redirected with less than 60 seconds of physical contact by staff.

(c) Restraint may be used as an intervention procedure to:

(1) allow a licensed health care professional to safely conduct a medical examination or to provide medical treatment ordered by a licensed health care professional to a person necessary to promote healing or recovery from an acute, meaning short-term, medical condition;

(2) assist in the safe evacuation or redirection of a person in the event of an emergency and the person is at imminent risk of harm; or

~~Any use of manual restraint as allowed in this paragraph must comply with the restrictions identified in section 245D.061, subdivision 3; or~~

(3) position a person with physical disabilities in a manner specified in the person's coordinated service and support plan addendum.

Any use of manual restraint as allowed in this paragraph must comply with the restrictions identified in subdivision 6, paragraph (b).

(d) Use of adaptive aids or equipment, orthotic devices, or other medical equipment ordered by a licensed health professional to treat a diagnosed medical condition do not in and of themselves constitute the use of mechanical restraint.

(e) Use of an auxiliary device to ensure a person does not unfasten a seat belt when being transported in a vehicle in accordance with seat belt use requirements in section 169.686 does not constitute the use of mechanical restraint.

Sec. 34. Minnesota Statutes 2013 Supplement, section 245D.06, subdivision 8, is amended to read:

Subd. 8. **Positive support transition plan.** (a) License holders must develop a positive support transition plan on the forms and in the manner prescribed by the commissioner for a person who requires intervention in order to maintain safety when it is known that the person's behavior poses an immediate risk of physical harm to self or others. The positive support transition plan forms and instructions will supersede the requirements in Minnesota Rules, parts 9525.2750; 9525.2760; and 9525.2780. The positive support transition plan must phase out any existing plans for the emergency or programmatic use of ~~aversive or deprivation procedures~~ restrictive interventions prohibited under this chapter within the following timelines:

(1) for persons receiving services from the license holder before January 1, 2014, the plan must be developed and implemented by February 1, 2014, and phased out no later than December 31, 2014; and

(2) for persons admitted to the program on or after January 1, 2014, the plan must be developed and implemented within 30 calendar days of service initiation and phased out no later than 11 months from the date of plan implementation.

(b) The commissioner has limited authority to grant approval for the emergency use of procedures identified in subdivision 6 that had been part of an approved positive support transition plan when a person is at imminent risk of serious injury as defined in section 245.91, subdivision 6, due to self-injurious behavior and the following conditions are met:

(1) the person's expanded support team approves the emergency use of the procedures; and

(2) the interim review panel established in section 245.8251, subdivision 4, recommends commissioner approval of the emergency use of the procedures.

(c) Written requests for the emergency use of the procedures must be developed and submitted to the commissioner by the designated coordinator with input from the person's expanded support team in accordance with the requirements set by the interim review panel, in addition to the following:

(1) a copy of the person's current positive support transition plan and copies of each positive support transition plan review containing data on the progress of the plan from the previous year;

(2) documentation of a good faith effort to eliminate the use of the procedures that had been part of an approved positive support transition plan;

(3) justification for the continued use of the procedures that identifies the imminent risk of serious injury due to the person's self-injurious behavior if the procedures were eliminated;

(4) documentation of the clinicians consulted in creating and maintaining the positive support transition plan; and

(5) documentation of the expanded support team's approval and the recommendation from the interim panel required under paragraph (b).

(d) A copy of the written request, supporting documentation, and the commissioner's final determination on the request must be maintained in the person's service recipient record.

Sec. 35. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 3, is amended to read:

Subd. 3. **Assessment and initial service planning.** (a) Within 15 days of service initiation the license holder must complete a preliminary coordinated service and support plan addendum based on the coordinated service and support plan.

~~(b) Within 45 days of service initiation the license holder must meet with the person, the person's legal representative, the case manager, and other members of the support team or expanded support team to assess and determine the following based on the person's coordinated service and support plan and the requirements in subdivision 4 and section 245D.07, subdivision 1a:~~

~~(1) the scope of the services to be provided to support the person's daily needs and activities;~~

~~(2) the person's desired outcomes and the supports necessary to accomplish the person's desired outcomes;~~

~~(3) the person's preferences for how services and supports are provided;~~

~~(4) whether the current service setting is the most integrated setting available and appropriate for the person; and~~

~~(5) how services must be coordinated across other providers licensed under this chapter serving the same person to ensure continuity of care for the person.~~

~~(c) Within the scope of services, the license holder must, at a minimum, assess the following areas:~~

~~(1) the person's ability to self-manage health and medical needs to maintain or improve physical, mental, and emotional well-being, including, when applicable, allergies, seizures, choking, special dietary needs, chronic medical conditions, self-administration of medication or treatment orders, preventative screening, and medical and dental appointments;~~

~~(2) the person's ability to self-manage personal safety to avoid injury or accident in the service setting, including, when applicable, risk of falling, mobility, regulating water temperature, community survival skills, water safety skills, and sensory disabilities; and~~

~~(3) the person's ability to self-manage symptoms or behavior that may otherwise result in an incident as defined in section 245D.02, subdivision 11, clauses (4) to (7), suspension or termination of services by the license holder, or other symptoms or behaviors that may jeopardize the health and safety of the person or others. The assessments must produce information about the person that is descriptive of the person's overall strengths, functional skills and abilities, and behaviors or symptoms.~~

(b) Within the scope of services, the license holder must, at a minimum, complete assessments in the following areas before the 45-day planning meeting:

(1) the person's ability to self-manage health and medical needs to maintain or improve physical, mental, and emotional well-being, including, when applicable, allergies, seizures, choking, special dietary needs, chronic medical conditions, self-administration of medication or treatment orders, preventative screening, and medical and dental appointments;

(2) the person's ability to self-manage personal safety to avoid injury or accident in the service setting, including, when applicable, risk of falling, mobility, regulating water temperature, community survival skills, water safety skills, and sensory disabilities; and

(3) the person's ability to self-manage symptoms or behavior that may otherwise result in an incident as defined in section 245D.02, subdivision 11, clauses (4) to (7), suspension or termination of services by the license holder, or other symptoms or behaviors that may jeopardize the health and safety of the person or others.

Assessments must produce information about the person that describes the person's overall strengths, functional skills and abilities, and behaviors or symptoms. Assessments must be based on the person's status within the last 12 months at the time of service initiation. Assessments based on older information must be documented and justified. Assessments must be conducted annually at a minimum or within 30 days of a written request from the person or the person's legal representative or case manager. The results must be reviewed by the support team or expanded support team as part of a service plan review.

(c) Within 45 days of service initiation, the license holder must meet with the person, the person's legal representative, the case manager, and other members of the support team or expanded support team to determine the following based on information obtained from the assessments identified in paragraph (b), the person's identified needs in the coordinated service and support plan, and the requirements in subdivision 4 and section 245D.07, subdivision 1a:

(1) the scope of the services to be provided to support the person's daily needs and activities;

(2) the person's desired outcomes and the supports necessary to accomplish the person's desired outcomes;

(3) the person's preferences for how services and supports are provided;

(4) whether the current service setting is the most integrated setting available and appropriate for the person; and

(5) how services must be coordinated across other providers licensed under this chapter serving the person and members of the support team or expanded support team to ensure continuity of care and coordination of services for the person.

Sec. 36. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 4, is amended to read:

Subd. 4. **Service outcomes and supports.** (a) Within ten working days of the 45-day planning meeting, the license holder must develop ~~and document~~ a service plan that documents the service outcomes and supports based on the assessments completed under subdivision 3 and the

requirements in section 245D.07, subdivision 1a. The outcomes and supports must be included in the coordinated service and support plan addendum.

(b) The license holder must document the supports and methods to be implemented to support the ~~accomplishment of person and accomplish~~ outcomes related to acquiring, retaining, or improving skills and physical, mental, and emotional health and well-being. The documentation must include:

(1) the methods or actions that will be used to support the person and to accomplish the service outcomes, including information about:

(i) any changes or modifications to the physical and social environments necessary when the service supports are provided;

(ii) any equipment and materials required; and

(iii) techniques that are consistent with the person's communication mode and learning style;

(2) the measurable and observable criteria for identifying when the desired outcome has been achieved and how data will be collected;

(3) the projected starting date for implementing the supports and methods and the date by which progress towards accomplishing the outcomes will be reviewed and evaluated; and

(4) the names of the staff or position responsible for implementing the supports and methods.

(c) Within 20 working days of the 45-day meeting, the license holder must obtain dated signatures from the person or the person's legal representative and case manager to document completion and approval of the assessment and coordinated service and support plan addendum.

Sec. 37. Minnesota Statutes 2013 Supplement, section 245D.071, subdivision 5, is amended to read:

Subd. 5. ~~Progress reviews~~ **Service plan review and evaluation.** (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the service plan and the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. The license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager, and participate in progress service plan review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year. The purpose of the service plan review is to determine whether changes are needed to the service plan based on the assessment information, the license holder's evaluation of progress towards accomplishing outcomes, or other information provided by the support team or expanded support team.

(b) The license holder must summarize the person's status and progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a written report sent to the person or the person's legal representative and case manager five working days prior to the review meeting, unless the person, the person's legal representative, or the case manager requests to receive the report at the time of the meeting.

(c) Within ten working days of the progress review meeting, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

Sec. 38. Minnesota Statutes 2013 Supplement, section 245D.081, subdivision 2, is amended to read:

Subd. 2. **Coordination and evaluation of individual service delivery.** (a) Delivery and evaluation of services provided by the license holder must be coordinated by a designated staff person. The designated coordinator must provide supervision, support, and evaluation of activities that include:

(1) oversight of the license holder's responsibilities assigned in the person's coordinated service and support plan and the coordinated service and support plan addendum;

(2) taking the action necessary to facilitate the accomplishment of the outcomes according to the requirements in section 245D.07;

(3) instruction and assistance to direct support staff implementing the coordinated service and support plan and the service outcomes, including direct observation of service delivery sufficient to assess staff competency; and

(4) evaluation of the effectiveness of service delivery, methodologies, and progress on the person's outcomes based on the measurable and observable criteria for identifying when the desired outcome has been achieved according to the requirements in section 245D.07.

(b) The license holder must ensure that the designated coordinator is competent to perform the required duties identified in paragraph (a) through education and training ~~in human services and disability-related fields~~, and work experience ~~in providing direct care services and supports to persons with disabilities~~ relevant to the needs of the general population of persons served by the license holder and the individual persons for whom the designated coordinator is responsible. The designated coordinator must have the skills and ability necessary to develop effective plans and to design and use data systems to measure effectiveness of services and supports. The license holder must verify and document competence according to the requirements in section 245D.09, subdivision 3. The designated coordinator must minimally have:

(1) a baccalaureate degree in a field related to human services, and one year of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(2) an associate degree in a field related to human services, and two years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(3) a diploma in a field related to human services from an accredited postsecondary institution and three years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older; or

(4) a minimum of 50 hours of education and training related to human services and disabilities; and

(5) four years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older under the supervision of a staff person who meets the qualifications identified in clauses (1) to (3).

Sec. 39. Minnesota Statutes 2013 Supplement, section 245D.09, subdivision 3, is amended to read:

Subd. 3. **Staff qualifications.** (a) The license holder must ensure that staff providing direct support, or staff who have responsibilities related to supervising or managing the provision of direct support service, are competent as demonstrated through skills and knowledge training, experience, and education to meet the person's needs and additional requirements as written in the coordinated service and support plan or coordinated service and support plan addendum, or when otherwise required by the case manager or the federal waiver plan. The license holder must verify and maintain evidence of staff competency, including documentation of:

(1) education and experience qualifications relevant to the job responsibilities assigned to the staff and to the needs of the general population of persons served by the program, including a valid degree and transcript, or a current license, registration, or certification, when a degree or licensure, registration, or certification is required by this chapter or in the coordinated service and support plan or coordinated service and support plan addendum;

(2) demonstrated competency in the orientation and training areas required under this chapter, and when applicable, completion of continuing education required to maintain professional licensure, registration, or certification requirements. Competency in these areas is determined by the license holder through knowledge testing and or observed skill assessment conducted by the trainer or instructor; and

(3) except for a license holder who is the sole direct support staff, periodic performance evaluations completed by the license holder of the direct support staff person's ability to perform the job functions based on direct observation.

(b) Staff under 18 years of age may not perform overnight duties or administer medication.

Sec. 40. Minnesota Statutes 2013 Supplement, section 245D.09, subdivision 4a, is amended to read:

Subd. 4a. **Orientation to individual service recipient needs.** (a) Before having unsupervised direct contact with a person served by the program, or for whom the staff person has not previously provided direct support, or any time the plans or procedures identified in paragraphs (b) to ~~(f)~~ (g) are revised, the staff person must review and receive instruction on the requirements in paragraphs (b) to ~~(f)~~ (g) as they relate to the staff person's job functions for that person.

(b) Training and competency evaluations must include the following:

(1) appropriate and safe techniques in personal hygiene and grooming, including hair care; bathing; care of teeth, gums, and oral prosthetic devices; and other activities of daily living (ADLs) as defined under section 256B.0659, subdivision 1;

(2) an understanding of what constitutes a healthy diet according to data from the Centers for Disease Control and Prevention and the skills necessary to prepare that diet;

(3) skills necessary to provide appropriate support in instrumental activities of daily living (IADLs) as defined under section 256B.0659, subdivision 1; and

(4) demonstrated competence in providing first aid.

(c) The staff person must review and receive instruction on the person's coordinated service and support plan or coordinated service and support plan addendum as it relates to the responsibilities assigned to the license holder, and when applicable, the person's individual abuse prevention plan, to achieve and demonstrate an understanding of the person as a unique individual, and how to implement those plans.

(d) The staff person must review and receive instruction on medication setup, assistance, or administration procedures established for the person when ~~medication administration~~ is assigned to the license holder according to section 245D.05, subdivision 1, paragraph (b). Unlicensed staff may ~~administer medications~~ perform medication setup or medication administration only after successful completion of a medication setup or medication administration training, from a training curriculum developed by a registered nurse, ~~clinical nurse specialist in psychiatric and mental health nursing, certified nurse practitioner, physician's assistant, or physician~~ or appropriate licensed health professional. The training curriculum must incorporate an observed skill assessment conducted by the trainer to ensure unlicensed staff demonstrate the ability to safely and correctly follow medication procedures.

Medication administration must be taught by a registered nurse, clinical nurse specialist, certified nurse practitioner, physician's assistant, or physician if, at the time of service initiation or any time thereafter, the person has or develops a health care condition that affects the service options available to the person because the condition requires:

- (1) specialized or intensive medical or nursing supervision; and
- (2) nonmedical service providers to adapt their services to accommodate the health and safety needs of the person.

(e) The staff person must review and receive instruction on the safe and correct operation of medical equipment used by the person to sustain life, including but not limited to ventilators, feeding tubes, or endotracheal tubes. The training must be provided by a licensed health care professional or a manufacturer's representative and incorporate an observed skill assessment to ensure staff demonstrate the ability to safely and correctly operate the equipment according to the treatment orders and the manufacturer's instructions.

(f) The staff person must review and receive instruction on what constitutes use of restraints, time out, and seclusion, including chemical restraint, and staff responsibilities related to the prohibitions of their use according to the requirements in section 245D.06, subdivision 5, or successor provisions why such procedures are not effective for reducing or eliminating symptoms or undesired behavior and why they are not safe, and the safe and correct use of manual restraint on an emergency basis according to the requirements in section 245D.061 or successor provisions.

(g) The staff person must review and receive instruction on mental health crisis response, de-escalation techniques, and suicide intervention when providing direct support to a person with a serious mental illness.

(g) (h) In the event of an emergency service initiation, the license holder must ensure the training required in this subdivision occurs within 72 hours of the direct support staff person first having unsupervised contact with the person receiving services. The license holder must document the reason for the unplanned or emergency service initiation and maintain the documentation in the person's service recipient record.

(h) (i) License holders who provide direct support services themselves must complete the orientation required in subdivision 4, clauses (3) to (7).

Sec. 41. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 2, is amended to read:

Subd. 2. **Behavior professional qualifications.** A behavior professional providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans; must have competencies in the following areas related to as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

- (1) ethical considerations;
- (2) functional assessment;
- (3) functional analysis;
- (4) measurement of behavior and interpretation of data;
- (5) selecting intervention outcomes and strategies;
- (6) behavior reduction and elimination strategies that promote least restrictive approved alternatives;
- (7) data collection;
- (8) staff and caregiver training;
- (9) support plan monitoring;
- (10) co-occurring mental disorders or neurocognitive disorder;
- (11) demonstrated expertise with populations being served; and
- (12) must be a:

(i) psychologist licensed under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the above identified areas;

(ii) clinical social worker licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the areas identified in clauses (1) to (11);

(iii) physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry with competencies in the areas identified in clauses (1) to (11);

(iv) licensed professional clinical counselor licensed under sections 148B.29 to 148B.39 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services who has demonstrated competencies in the areas identified in clauses (1) to (11);

(v) person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the

delivery of clinical services with demonstrated competencies in the areas identified in clauses (1) to (11); or

(vi) registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization, or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services.

Sec. 42. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 3, is amended to read:

Subd. 3. **Behavior analyst qualifications.** (a) A behavior analyst providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans; must have competencies in the following areas as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

(1) have obtained a baccalaureate degree, master's degree, or PhD in a social services discipline; or

(2) meet the qualifications of a mental health practitioner as defined in section 245.462, subdivision 17.

(b) In addition, a behavior analyst must:

(1) have four years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder;

(2) have received ten hours of instruction in functional assessment and functional analysis;

(3) have received 20 hours of instruction in the understanding of the function of behavior;

(4) have received ten hours of instruction on design of positive practices behavior support strategies;

(5) have received 20 hours of instruction on the use of behavior reduction approved strategies used only in combination with behavior positive practices strategies;

(6) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practice strategies as well as behavior reduction approved and permitted intervention to the person who receives behavioral support; and

(7) be under the direct supervision of a behavior professional.

Sec. 43. Minnesota Statutes 2013 Supplement, section 245D.091, subdivision 4, is amended to read:

Subd. 4. **Behavior specialist qualifications.** (a) A behavior specialist providing behavioral support services as identified in section 245D.03, subdivision 1, paragraph (c), clause (1), item (i), as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans; must meet the following qualifications have competencies in the following areas as required under the brain injury and community alternatives for disabled individuals waiver plans or successor plans:

- (1) have an associate's degree in a social services discipline; or
 - (2) have two years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neurocognitive disorder.
- (b) In addition, a behavior specialist must:
- (1) have received a minimum of four hours of training in functional assessment;
 - (2) have received 20 hours of instruction in the understanding of the function of behavior;
 - (3) have received ten hours of instruction on design of positive practices behavioral support strategies;
 - (4) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practices strategies as well as behavior reduction approved intervention to the person who receives behavioral support; and
 - (5) be under the direct supervision of a behavior professional.

Sec. 44. Minnesota Statutes 2013 Supplement, section 245D.10, subdivision 3, is amended to read:

Subd. 3. **Service suspension and service termination.** (a) The license holder must establish policies and procedures for temporary service suspension and service termination that promote continuity of care and service coordination with the person and the case manager and with other licensed caregivers, if any, who also provide support to the person.

(b) The policy must include the following requirements:

(1) the license holder must notify the person or the person's legal representative and case manager in writing of the intended termination or temporary service suspension, and the person's right to seek a temporary order staying the termination of service according to the procedures in section 256.045, subdivision 4a, or 6, paragraph (c);

(2) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective when a license holder is providing intensive supports and services identified in section 245D.03, subdivision 1, paragraph (c), and 30 days prior to termination for all other services licensed under this chapter. This notice may be given in conjunction with a notice of temporary service suspension;

(3) notice of temporary service suspension must be given on the first day of the service suspension;

~~(3)~~ (4) the license holder must provide information requested by the person or case manager when services are temporarily suspended or upon notice of termination;

~~(4)~~ (5) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service suspension or termination;

(5) (6) during the temporary service suspension or service termination notice period, the license holder will must work with the appropriate county agency support team or expanded support team to develop reasonable alternatives to protect the person and others;

(6) (7) the license holder must maintain information about the service suspension or termination, including the written termination notice, in the service recipient record; and

(7) (8) the license holder must restrict temporary service suspension to situations in which the person's conduct poses an imminent risk of physical harm to self or others and less restrictive or positive support strategies would not achieve and maintain safety.

Sec. 45. Minnesota Statutes 2013 Supplement, section 245D.10, subdivision 4, is amended to read:

Subd. 4. **Availability of current written policies and procedures.** (a) The license holder must review and update, as needed, the written policies and procedures required under this chapter.

(b) (1) The license holder must inform the person and case manager of the policies and procedures affecting a person's rights under section 245D.04, and provide copies of those policies and procedures, within five working days of service initiation.

(2) If a license holder only provides basic services and supports, this includes the:

(i) grievance policy and procedure required under subdivision 2; and

(ii) service suspension and termination policy and procedure required under subdivision 3.

(3) For all other license holders this includes the:

(i) policies and procedures in clause (2);

(ii) emergency use of manual restraints policy and procedure required under section 245D.061, subdivision 10, or successor provisions; and

(iii) data privacy requirements under section 245D.11, subdivision 3.

(c) The license holder must provide a written notice to all persons or their legal representatives and case managers at least 30 days before implementing any procedural revisions to policies affecting a person's service-related or protection-related rights under section 245D.04 and maltreatment reporting policies and procedures. The notice must explain the revision that was made and include a copy of the revised policy and procedure. The license holder must document the reasonable cause for not providing the notice at least 30 days before implementing the revisions.

(d) Before implementing revisions to required policies and procedures, the license holder must inform all employees of the revisions and provide training on implementation of the revised policies and procedures.

(e) The license holder must annually notify all persons, or their legal representatives, and case managers of any procedural revisions to policies required under this chapter, other than those in paragraph (c). Upon request, the license holder must provide the person, or the person's legal representative, and case manager with copies of the revised policies and procedures.

Sec. 46. Minnesota Statutes 2013 Supplement, section 245D.11, subdivision 2, is amended to read:

Subd. 2. **Health and safety.** The license holder must establish policies and procedures that promote health and safety by ensuring:

(1) use of universal precautions and sanitary practices in compliance with section 245D.06, subdivision 2, clause (5);

(2) if the license holder operates a residential program, health service coordination and care according to the requirements in section 245D.05, subdivision 1;

(3) safe medication assistance and administration according to the requirements in sections 245D.05, subdivisions 1a, 2, and 5, and 245D.051, that are established in consultation with a registered nurse, nurse practitioner, physician's assistant, or medical doctor and require completion of medication administration training according to the requirements in section 245D.09, subdivision 4a, paragraph (d). Medication assistance and administration includes, but is not limited to:

(i) providing medication-related services for a person;

(ii) medication setup;

(iii) medication administration;

(iv) medication storage and security;

(v) medication documentation and charting;

(vi) verification and monitoring of effectiveness of systems to ensure safe medication handling and administration;

(vii) coordination of medication refills;

(viii) handling changes to prescriptions and implementation of those changes;

(ix) communicating with the pharmacy; and

(x) coordination and communication with prescriber;

(4) safe transportation, when the license holder is responsible for transportation of persons, with provisions for handling emergency situations according to the requirements in section 245D.06, subdivision 2, clauses (2) to (4);

(5) a plan for ensuring the safety of persons served by the program in emergencies as defined in section 245D.02, subdivision 8, and procedures for staff to report emergencies to the license holder. A license holder with a community residential setting or a day service facility license must ensure the policy and procedures comply with the requirements in section 245D.22, subdivision 4;

(6) a plan for responding to all incidents as defined in section 245D.02, subdivision 11; and reporting all incidents required to be reported according to section 245D.06, subdivision 1. The plan must:

(i) provide the contact information of a source of emergency medical care and transportation; and

(ii) require staff to first call 911 when the staff believes a medical emergency may be life threatening, or to call the mental health crisis intervention team or similar mental health response

team or service when such a team is available and appropriate when the person is experiencing a mental health crisis; and

(7) a procedure for the review of incidents and emergencies to identify trends or patterns, and corrective action if needed. The license holder must establish and maintain a record-keeping system for the incident and emergency reports. Each incident and emergency report file must contain a written summary of the incident. The license holder must conduct a review of incident reports for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. Each incident report must include:

(i) the name of the person or persons involved in the incident. It is not necessary to identify all persons affected by or involved in an emergency unless the emergency resulted in an incident;

(ii) the date, time, and location of the incident or emergency;

(iii) a description of the incident or emergency;

(iv) a description of the response to the incident or emergency and whether a person's coordinated service and support plan addendum or program policies and procedures were implemented as applicable;

(v) the name of the staff person or persons who responded to the incident or emergency; and

(vi) the determination of whether corrective action is necessary based on the results of the review.

Sec. 47. Minnesota Statutes 2012, section 252.451, subdivision 2, is amended to read:

Subd. 2. **Vendor participation and reimbursement.** Notwithstanding requirements in ~~chapter~~ chapters 245A and 245D, and sections 252.28, 252.40 to 252.46, and 256B.501, vendors of day training and habilitation services may enter into written agreements with qualified businesses to provide additional training and supervision needed by individuals to maintain their employment.

Sec. 48. Minnesota Statutes 2012, section 256.9752, subdivision 2, is amended to read:

Subd. 2. **Authority.** The Minnesota Board on Aging shall allocate to area agencies on aging the state and federal funds which are received for the senior nutrition programs of congregate dining and home-delivered meals in a manner consistent with federal requirements.

Sec. 49. Minnesota Statutes 2013 Supplement, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services. Nonemergency medical transportation service includes, but is not limited to, special transportation service, defined in section 174.29, subdivision 1.

(a) (b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) ~~an ambulance~~ nonemergency medical transportation providers who meet the requirements of this subdivision;

(2) ambulances, as defined in section 144E.001, subdivision 2;

(2) special transportation; or

(3) ~~common carrier including, but not limited to, bus, taxicab, other commercial carrier, or private automobile~~ taxicabs and public transit, as defined in section 174.22, subdivision 7; or

(4) not-for-hire vehicles, including volunteer drivers.

(b) (c) Medical assistance covers ~~special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile.~~ nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and in consultation with the Minnesota Department of Transportation. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) The administrative agency of nonemergency medical transportation must:

(1) adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;

(2) pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;

(3) provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and

(4) by July 1, 2016, in accordance with subdivision 18e, utilize a Web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(e) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes under paragraph (h), clauses (4), (5), (6), and (7).

(f) The commissioner may use an order by the recipient's attending physician or a medical or mental health professional to certify that the recipient requires ~~special transportation services~~ nonemergency medical transportation services. Special Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle.

~~Special Nonemergency medical transportation providers must obtain written documentation from the health care service provider who is serving the recipient being transported, identifying the time that the recipient arrived. Special~~ have trip logs, which include pickup and drop-off times, signed by the medical provider or client attesting mileage traveled to obtain covered medical services, whichever is deemed most appropriate. Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Special Nonemergency medical transportation providers must take recipients clients to the health care provider, using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the recipient client receives authorization from the local agency. The minimum medical assistance reimbursement rates for special transportation nonemergency medical services are:

(1)(i) \$17 for the base rate and \$1.35 per mile for special transportation nonemergency medical services to eligible persons who need a wheelchair-accessible van;

(ii) \$11.50 for the base rate and \$1.30 per mile for special nonemergency medical transportation services to eligible persons who do not need a wheelchair-accessible van; and

(iii) \$60 for the base rate and \$2.40 per mile, and an attendant rate of \$9 per trip, for special nonemergency medical transportation services to eligible persons who need a stretcher-accessible vehicle;

(2) clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(g) By July 1, 2015, the commissioner shall determine reimbursement for the modes under this paragraph and paragraphs (h) and (i), using existing rates in paragraph (f). The rates must be budget neutral, ensuring that the total aggregate payments are equal to the total aggregate payments for the same number and types of services in the base year 2013. The covered modes of nonemergency medical transportation include transportation provided directly by clients or family members of clients with their own transportation, volunteers using their own vehicles, taxicabs, and public transit, or provided to a client who needs a stretcher-accessible vehicle, a lift/ramp equipped vehicle, a vehicle that is not stretcher-accessible or lift/ramp equipped designed to transport seven or fewer persons, and a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade. Clients can be found eligible for the most appropriate of the following modes:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation or family who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or publicly operated transit system is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.

(i) By July 1, 2015, local agencies shall administer and reimburse for modes within existing appropriations defined in paragraph (h), clauses (1) to (3). The commissioner shall administer and reimburse for modes within existing appropriations defined in paragraph (h), clauses (4) to (7). In accordance with subdivision 18e, by July 1, 2016, the local agency shall be the single administrative agency and shall administer and reimburse for modes defined in paragraph (h).

(j) The commissioner shall:

(1) in consultation with the Nonemergency Medical Transportation Advisory Committee, verify that the mode and use of nonemergency medical transportation is appropriate;

(2) verify that the client is going to an approved medical appointment; and

(3) investigate all complaints and appeals.

(k) The administrative agency shall pay for the services provided in this subdivision and seek reimbursement from the commissioner if appropriate. As vendors of medical care, local agencies are subject to the provisions in section 256B.041, the sanctions and monetary recovery actions in section 256B.064, and Minnesota Rules parts 9505.2160 to 9505.2245.

(l) The base rates for ~~special~~ nonemergency medical transportation services in areas defined under RUCA to be super rural shall be equal to the reimbursement rate established in paragraph (f), clause (1), plus 11.3 percent; and

~~(3)~~ for ~~special~~ nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas:

(i) for a trip equal to 17 miles or less, mileage reimbursement shall be equal to 125 percent of the respective mileage rate in paragraph (f), clause (1); and

(ii) for a trip between 18 and 50 miles, mileage reimbursement shall be equal to 112.5 percent of the respective mileage rate in paragraph (f), clause (1).

(e) (m) For purposes of reimbursement rates for special nonemergency medical transportation services under paragraph (b), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(d) (n) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(e) (o) Effective for services provided on or after September 1, 2011, nonemergency transportation rates, including special nonemergency medical transportation, taxi, and other commercial carriers, are reduced 4.5 percent. Payments made to managed care plans and county-based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

(p) Until July 1, 2016, clients using assisted transportation must continue with their current administrative agency. For clients newly assessed as needing assisted transportation, the local agency must continue to administer assisted transport when assistance requires door-to-door, and the commissioner shall administer assisted transport when assistance requires door-through-door.

Sec. 50. Minnesota Statutes 2012, section 256B.0625, subdivision 18b, is amended to read:

Subd. 18b. **Broker dispatching prohibition.** The commissioner shall not use a broker or coordinator for any purpose related to nonemergency medical transportation services under subdivision 18.

Sec. 51. Minnesota Statutes 2012, section 256B.0625, subdivision 18c, is amended to read:

Subd. 18c. **Nonemergency Medical Transportation Advisory Committee.** (a) The Nonemergency Medical Transportation Advisory Committee shall advise the commissioner on the administration of nonemergency medical transportation covered under medical assistance. The advisory committee shall meet at least quarterly the first year following January 1, 2015, and at least biannually thereafter and may meet more frequently as required by the commissioner. The advisory committee shall annually elect a chair from among its members, who shall work with the commissioner or the commissioner's designee to establish the agenda for each meeting. The commissioner, or the commissioner's designee, shall attend all advisory committee meetings.

(b) The Nonemergency Medical Transportation Advisory Committee shall advise and make recommendations to the commissioner on:

(1) ~~the development of, and periodic updates to, a~~ the nonemergency medical transportation policy manual for nonemergency medical transportation services;

(2) policies and a funding source for reimbursing no-load miles;

(3) ~~policies to prevent waste, fraud, and abuse, and to improve the efficiency of the nonemergency medical transportation system;~~

(4) ~~other issues identified in the 2011 evaluation report by the Office of the Legislative Auditor on medical nonemergency transportation; and~~

(5) (2) other aspects of the nonemergency medical transportation system, as requested by the commissioner; and

(3) other aspects of the nonemergency medical transportation system, as requested by:

(i) a committee member, who may request an item to be placed on the agenda for a future meeting. The request may be considered by the committee and voted upon. If the motion carries, the meeting agenda item may be developed for presentation to the committee; and

(ii) a member of the public, who may approach the committee by letter or e-mail requesting that an item be placed on a future meeting agenda. The request may be considered by the committee and voted upon. If the motion carries, the agenda item may be developed for presentation to the committee.

(c) The Nonemergency Medical Transportation Advisory Committee shall coordinate its activities with the Minnesota Council on Transportation Access established under section 174.285. The chair of the advisory committee, or the chair's designee, shall attend all meetings of the Minnesota Council on Transportation Access.

(d) The Nonemergency Medical Transportation Advisory Committee shall expire December 1, ~~2014~~ 2019.

Sec. 52. Minnesota Statutes 2012, section 256B.0625, subdivision 18d, is amended to read:

Subd. 18d. **Advisory committee members.** (a) The Nonemergency Medical Transportation Advisory Committee consists of:

~~(1) two voting members who represent counties, at least one of whom must represent a county or counties other than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright~~ four voting members who represent counties, utilizing the rural urban commuting area classification system. As defined in subdivision 17, these members shall be designated as follows:

(i) two counties within the 11-county metropolitan area;

(ii) one county representing the rural area of the state; and

(iii) one county representing the super rural area of the state.

The Association of Minnesota Counties shall appoint one county within the 11-county metropolitan area and one county representing the super rural area of the state. The Minnesota Inter-County Association shall appoint one county within the 11-county metropolitan area and one county representing the rural area of the state;

~~(2) four~~ three voting members who represent medical assistance recipients, including persons with physical and developmental disabilities, persons with mental illness, seniors, children, and low-income individuals;

(3) four voting members who represent providers that deliver nonemergency medical transportation services to medical assistance enrollees;

(4) two voting members of the house of representatives, one from the majority party and one from the minority party, appointed by the speaker of the house, and two voting members from the senate, one from the majority party and one from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration;

(5) one voting member who represents demonstration providers as defined in section 256B.69, subdivision 2;

(6) one voting member who represents an organization that contracts with state or local governments to coordinate transportation services for medical assistance enrollees; ~~and~~

(7) one voting member who represents the Minnesota State Council on Disability;

(8) the commissioner of transportation or the commissioner's designee, who shall serve as a voting member;

(9) one voting member appointed by the Minnesota Ambulance Association; and

(10) one voting member appointed by the Minnesota Hospital Association.

(b) Members of the advisory committee shall not be employed by the Department of Human Services. Members of the advisory committee shall receive no compensation.

Sec. 53. Minnesota Statutes 2013 Supplement, section 256B.0625, subdivision 18e, is amended to read:

Subd. 18e. **Single administrative structure and delivery system.** (a) The commissioner shall implement a single administrative structure and delivery system for nonemergency medical transportation, beginning the latter of the date the single administrative assessment tool required in this paragraph is available for use, as determined by the commissioner or by July 1, ~~2014~~ 2016. ~~The single administrative structure and delivery system must:~~

~~(1) eliminate the distinction between access transportation services and special transportation services;~~

~~(2) enable all medical assistance recipients to follow the same process to obtain nonemergency medical transportation, regardless of their level of need;~~

~~(3) provide a single oversight framework for all providers of nonemergency medical transportation; and~~

~~(4) provide flexibility in service delivery, recognizing that clients fall along a continuum of needs and resources.~~

~~(b) The commissioner shall present to the legislature, by January 15, 2014, legislation necessary to implement the single administrative structure and delivery system for nonemergency medical transportation.~~

~~(c) In developing the single administrative structure and delivery system and the draft legislation, the commissioner shall consult with the Nonemergency Medical Transportation Advisory Committee. In coordination with the Department of Transportation, the commissioner shall develop and authorize a Web-based single administrative structure and assessment tool, which must operate 24 hours a day, seven days a week, to facilitate the enrollee assessment process for nonemergency medical transportation services. The Web-based tool shall facilitate the transportation eligibility determination process initiated by clients and client advocates; shall include an accessible automated intake and assessment process and real-time identification of level of service eligibility; and shall authorize an appropriate and auditable mode of transportation authorization. The tool shall provide a single framework for reconciling trip information with~~

claiming and collecting complaints regarding inappropriate level of need determinations, inappropriate transportation modes utilized, and interference with accessing nonemergency medical transportation. The Web-based single administrative structure shall operate on a trial basis for one year from implementation and, if approved by the commissioner, shall be permanent thereafter. The commissioner shall seek input from the Nonemergency Medical Transportation Advisory Committee to ensure the software is effective and user-friendly and make recommendations regarding funding of the single administrative system.

Sec. 54. Minnesota Statutes 2012, section 256B.0625, subdivision 18g, is amended to read:

~~Subd. 18g. **Use of standardized measures.** The commissioner, in consultation with the Nonemergency Medical Transportation Advisory Committee, shall establish performance measures to assess the cost-effectiveness and quality of nonemergency medical transportation. At a minimum, performance measures should include the number of unique participants served by type of transportation provider, number of trips provided by type of transportation provider, and cost per trip by type of transportation provider. The commissioner must also consider the measures identified in the January 2012 Department of Human Services report to the legislature on nonemergency medical transportation. Beginning in calendar year 2013 2015, the commissioner shall collect, audit, and analyze performance data on nonemergency medical transportation annually and report this information on the agency's Web site. The commissioner shall periodically supplement this information with the results of consumer surveys of the quality of services, and shall make these survey findings available to the public on the agency Web site.~~

Sec. 55. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 18h. **Managed care.** The following subdivisions do not apply to managed care plans and county-based purchasing plans:

(1) subdivision 17, paragraphs (d) to (k);

(2) subdivision 18e; and

(3) subdivision 18g.

Sec. 56. Minnesota Statutes 2012, section 256B.35, subdivision 1, is amended to read:

Subdivision 1. **Personal needs allowance.** (a) Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home, intermediate care facility, or medical institution including recipients of Supplemental Security Income, in this state shall not be less than \$45 per month from all sources. When benefit amounts for Social Security or Supplemental Security Income recipients are increased pursuant to United States Code, title 42, sections 415(i) and 1382f, the commissioner shall, effective in the month in which the increase takes effect, increase by the same percentage to the nearest whole dollar the clothing and personal needs allowance for individuals receiving medical assistance while residing in any skilled nursing home, medical institution, or intermediate care facility. The commissioner shall provide timely notice to local agencies, providers, and recipients of increases under this provision.

(b) The personal needs allowance may be paid as part of the Minnesota supplemental aid program, and payments to recipients of Minnesota supplemental aid may be made once each three months covering liabilities that accrued during the preceding three months.

(c) The personal needs allowance shall be increased to include income garnished for child support under a court order, up to a maximum of \$250 per month but only to the extent that the amount garnished is not deducted as a monthly allowance for children under section 256B.0575, paragraph (a), clause (5).

(d) Solely for the purpose of section 256B.0575, subdivision 1, paragraph (a), clause (1), the personal needs allowance shall be increased to include income garnished for spousal maintenance under a judgment and decree for dissolution of marriage, and any administrative fees garnished for collection efforts.

Sec. 57. Minnesota Statutes 2013 Supplement, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. **Development and implementation of quality profiles.** (a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement quality profiles for nursing facilities and, beginning not later than July 1, 2014, for home and community-based services providers, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. For purposes of this section, home and community-based services providers are defined as providers of home and community-based services under sections 256B.0625, subdivisions 6a, 7, and 19a; 256B.0913; 256B.0915; 256B.092; and 256B.49; and 256B.85, and intermediate care facilities for persons with developmental disabilities providers under section 256B.5013. To the extent possible, quality profiles must be developed for providers of services to older adults and people with disabilities, regardless of payor source, for the purposes of providing information to consumers. The quality profiles must be developed using existing data sets maintained by the commissioners of health and human services to the extent possible. The profiles must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, the ombudsman offices, counties, tribes, health plans, and other entities and the long-term care database maintained under section 256.975, subdivision 7. The profiles must be designed to provide information on quality to:

- (1) consumers and their families to facilitate informed choices of service providers;
- (2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and
- (3) public and private purchasers of long-term care services to enable them to purchase high-quality care.

(b) The profiles must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

EFFECTIVE DATE. This section is effective retroactively from February 1, 2014.

Sec. 58. Minnesota Statutes 2013 Supplement, section 256B.439, subdivision 7, is amended to read:

Subd. 7. **Calculation of home and community-based services quality add-on.** Effective On July 1, 2015, the commissioner shall determine the quality add-on rate change and adjust payment rates for participating all home and community-based services providers for services rendered on or after that date. The adjustment to a provider payment rate determined under this subdivision shall become part of the ongoing rate paid to that provider. The payment rate for the quality add-on shall be a variable amount based on each provider's quality score as determined in subdivisions 1 and 2a. All home and community-based services providers shall receive a minimum rate increase under this subdivision. In addition to a minimum rate increase, a home and community-based services provider shall receive a quality add-on payment. The commissioner shall limit the types of home and community-based services providers that may receive the quality add-on and based on availability of quality measures and outcome data. The commissioner shall limit the amount of the minimum rate increase and quality add-on payments to operate the quality add-on within funds appropriated for this purpose and based on the availability of the quality measures the equivalent of a one percent rate increase for all home and community-based services providers.

Sec. 59. Minnesota Statutes 2013 Supplement, section 256B.441, subdivision 53, is amended to read:

Subd. 53. **Calculation of payment rate for external fixed costs.** The commissioner shall calculate a payment rate for external fixed costs.

(a) For a facility licensed as a nursing home, the portion related to section 256.9657 shall be equal to \$8.86. For a facility licensed as both a nursing home and a boarding care home, the portion related to section 256.9657 shall be equal to \$8.86 multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(b) The portion related to the licensure fee under section 144.122, paragraph (d), shall be the amount of the fee divided by actual resident days.

(c) The portion related to scholarships shall be determined under section 256B.431, subdivision 36.

(d) Until September 30, 2013, the portion related to long-term care consultation shall be determined according to section 256B.0911, subdivision 6.

(e) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be \$5 divided by 365.

(f) The portion related to planned closure rate adjustments shall be as determined under section 256B.437, subdivision 6, and Minnesota Statutes 2010, section 256B.436. Planned closure rate adjustments that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Planned closure rate adjustments that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(g) The portions related to property insurance, real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility shall be the actual amounts divided by actual resident days.

(h) The portion related to the Public Employees Retirement Association shall be actual costs divided by resident days.

(i) The single bed room incentives shall be as determined under section 256B.431, subdivision 42. Single bed room incentives that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Single bed room incentives that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(j) The portion related to the rate adjustment as provided in section 77, subdivision 3.

(k) The payment rate for external fixed costs shall be the sum of the amounts in paragraphs (a) to ~~(i)~~ (j).

Sec. 60. Minnesota Statutes 2013 Supplement, section 256B.441, subdivision 63, is amended to read:

Subd. 63. **Critical access nursing facilities.** (a) The commissioner, in consultation with the commissioner of health, may designate certain nursing facilities as critical access nursing facilities. The designation shall be granted on a competitive basis, within the limits of funds appropriated for this purpose.

(b) The commissioner shall request proposals from nursing facilities every two years. Proposals must be submitted in the form and according to the timelines established by the commissioner. In selecting applicants to designate, the commissioner, in consultation with the commissioner of health, and with input from stakeholders, shall develop criteria designed to preserve access to nursing facility services in isolated areas, rebalance long-term care, and improve quality. Beginning in fiscal year 2015, to the extent practicable, the commissioner shall ensure an even distribution of designations across the state.

(c) The commissioner shall allow the benefits in clauses (1) to (5) for nursing facilities designated as critical access nursing facilities:

(1) partial rebasing, with the commissioner allowing a designated facility operating payment rates being the sum of up to 60 percent of the operating payment rate determined in accordance with subdivision 54 and at least 40 percent, with the sum of the two portions being equal to 100 percent, of the operating payment rate that would have been allowed had the facility not been designated. The commissioner may adjust these percentages by up to 20 percent and may approve a request for less than the amount allowed;

(2) enhanced payments for leave days. Notwithstanding section 256B.431, subdivision 2r, upon designation as a critical access nursing facility, the commissioner shall limit payment for leave days to 60 percent of that nursing facility's total payment rate for the involved resident, and shall allow this payment only when the occupancy of the nursing facility, inclusive of bed hold days, is equal to or greater than 90 percent;

(3) two designated critical access nursing facilities, with up to 100 beds in active service, may jointly apply to the commissioner of health for a waiver of Minnesota Rules, part 4658.0500, subpart 2, in order to jointly employ a director of nursing. The commissioner of health will consider each waiver request independently based on the criteria under Minnesota Rules, part 4658.0040;

(4) the minimum threshold under section 256B.431, subdivision 15, paragraph (e), shall be 40 percent of the amount that would otherwise apply; and

(5) notwithstanding subdivision 58, beginning October 1, 2014, the quality-based rate limits under subdivision 50 shall apply to designated critical access nursing facilities.

(d) Designation of a critical access nursing facility shall be for a period of two years, after which the benefits allowed under paragraph (c) shall be removed. Designated facilities may apply for continued designation.

Sec. 61. Minnesota Statutes 2013 Supplement, section 256B.4912, subdivision 1, is amended to read:

Subdivision 1. **Provider qualifications.** (a) For the home and community-based waivers providing services to seniors and individuals with disabilities under sections 256B.0913, 256B.0915, 256B.092, and 256B.49, the commissioner shall establish:

(1) agreements with enrolled waiver service providers to ensure providers meet Minnesota health care program requirements;

(2) regular reviews of provider qualifications, and including requests of proof of documentation; and

(3) processes to gather the necessary information to determine provider qualifications.

(b) Beginning July 1, 2012, staff that provide direct contact, as defined in section 245C.02, subdivision 11, for services specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to providing waiver services and as part of ongoing enrollment. Upon federal approval, this requirement must also apply to consumer-directed community supports.

(c) Beginning January 1, 2014, service owners and managerial officials overseeing the management or policies of services that provide direct contact as specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to reenrollment or revalidation or, for new providers, prior to initial enrollment if they have not already done so as a part of service licensure requirements.

Sec. 62. Minnesota Statutes 2013 Supplement, section 256B.4913, subdivision 4a, is amended to read:

Subd. 4a. **Rate stabilization adjustment.** (a) For purposes of this subdivision, "implementation period" ~~shall mean~~ means the period beginning January 1, 2014, and ending on the last day of the month in which the rate management system is populated with the data necessary to calculate rates for substantially all individuals receiving home and community-based waiver services under sections 256B.092 and 256B.49. "Banding period" means the time period beginning on January 1, 2014, and ending upon the expiration of the 12-month period defined in paragraph (c), clause (5).

(b) For purposes of this subdivision, the ~~banding value~~ historical rate for all service recipients ~~shall mean~~ means the individual reimbursement rate for a recipient in effect on December 1, 2013, except that:

(1)(i) ~~for day training and habilitation pilot program service recipients, the banding value shall be the authorized rate for the provider in the county of service effective December 1, 2013, if the~~ for a day service recipient: who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or

after January 1, 2014, the historical rate must be the authorized rate for the provider in the county of service, effective December 1, 2013; ~~and or~~

~~(ii) for all other unit or day service recipients, the banding value shall be the weighted average authorized rate for each provider number in the county of service effective December 1, 2013, if the (2) for a unit-based service with programming or a unit-based service without programming recipient: who was not authorized to receive these waiver services prior to January 1, 2014; added a new service or services on or after January 1, 2014; or changed providers on or after January 1, 2014, the historical rate must be the weighted average authorized rate for each provider number in the county of service, effective December 1, 2013; and or~~

~~(2) (3) for residential service recipients who change providers on or after January 1, 2014, the banding value shall~~ historical rate must be set by each lead agency within their county aggregate budget using their respective methodology for residential services effective December 1, 2013, for determining the provider rate for a similarly situated recipient being served by that provider.

(c) The commissioner shall adjust individual reimbursement rates determined under this section so that the unit rate is no higher or lower than:

(1) 0.5 percent from the ~~banding value~~ historical rate for the implementation period;

(2) 0.5 percent from the rate in effect in clause (1), for the 12-month period immediately following the time period of clause (1);

(3) 1.0 percent from the rate in effect in clause (2), for the 12-month period immediately following the time period of clause (2);

(4) 1.0 percent from the rate in effect in clause (3), for the 12-month period immediately following the time period of clause (3); and

(5) 1.0 percent from the rate in effect in clause (4), for the 12-month period immediately following the time period of clause (4).

(d) The commissioner shall review all changes to rates that were in effect on December 1, 2013, to verify that the rates in effect produce the equivalent level of spending and service unit utilization on an annual basis as those in effect on October 31, 2013.

(e) By December 31, 2014, the commissioner shall complete the review in paragraph (d), adjust rates to provide equivalent annual spending and make appropriate adjustments.

(f) During the banding period, the Medicaid Management Information System (MMIS) service agreement rate must be adjusted to account for change in an individual's need. The commissioner shall adjust the Medicaid Management Information System (MMIS) service agreement rate by:

(1) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the level of service in effect on December 1, 2013;

(2) calculating a service rate under section 256B.4914, subdivision 6, 7, 8, or 9, for the individual with variables reflecting the updated level of service at the time of application; and

(3) adding to or subtracting from the Medicaid Management Information System (MMIS) service agreement rate, the difference between the values in clauses (1) and (2).

(g) This subdivision shall not apply to rates for recipients served by providers new to a given county after January 1, 2014. Providers of personal supports services who also acted as fiscal support entities must be treated as new providers as of January 1, 2014.

Sec. 63. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

(b) "Commissioner" means the commissioner of human services.

(c) "Component value" means underlying factors that are part of the cost of providing services that are built into the waiver rates methodology to calculate service rates.

(d) "Customized living tool" means a methodology for setting service rates that delineates and documents the amount of each component service included in a recipient's customized living service plan.

(e) "Disability waiver rates system" means a statewide system that establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

(f) "Individual staffing" means the time spent as a one-to-one interaction specific to an individual recipient by staff brought in solely to provide direct support and assistance with activities of daily living, instrumental activities of daily living, and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; an assessment tool; and provider observation of an individual's needs.

(g) "Lead agency" means a county, partnership of counties, or tribal agency charged with administering waived services under sections 256B.092 and 256B.49.

~~(g)~~ (h) "Median" means the amount that divides distribution into two equal groups, one-half above the median and one-half below the median.

~~(h)~~ (i) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

~~(i)~~ (j) "Rates management system" means a Web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

~~(j)~~ (k) "Recipient" means a person receiving home and community-based services funded under any of the disability waivers.

(l) "Shared staffing" means time spent by employees, not defined under paragraph (f) or (i), providing or available to provide more than one individual with direct support and assistance with activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (b); instrumental activities of daily living as defined under section 256B.0659, subdivision 1, paragraph (i); ancillary activities needed to support individual services; and training to participants, and is based on the requirements in each individual's coordinated service and support plan under section 245D.02, subdivision 4b; any coordinated service and support plan addendum under section 245D.02, subdivision 4c; an assessment tool; and provider observation of an individual's service

need. Total shared staffing hours are divided by the average number of individuals who receive the shared service provisions.

(m) "Staffing ratio" means the number of recipients a service provider employee supports during a unit of service based on a uniform assessment tool, provider observation, case history, and the recipient's services of choice, and not based on the staffing ratios under section 245D.31.

(n) "Unit of service" means the following:

(1) for residential support services under subdivision 6, a unit of service is a day. Any portion of any calendar day, within allowable Medicaid rules, where an individual spends time in a residential setting is billable as a day;

(2) for day services under subdivision 7:

(i) for day training and habilitation services, a unit of service is either:

(A) a day unit of service is defined as six or more hours of time spent providing direct services and transportation; or

(B) a partial day unit of service is defined as fewer than six hours of time spent providing direct services and transportation; and

(C) for new day service recipients after January 1, 2014, 15 minute units of service must be used for fewer than six hours of time spent providing direct services and transportation;

(ii) for adult day and structured day services, a unit of service is a day or 15 minutes. A day unit of service is six or more hours of time spent providing direct services;

(iii) for prevocational services, a unit of service is a day or an hour. A day unit of service is six or more hours of time spent providing direct service;

(3) for unit-based services with programming under subdivision 8:

(i) for supported living services, a unit of service is a day or 15 minutes. When a day rate is authorized, any portion of a calendar day where an individual receives services is billable as a day; and

(ii) for all other services, a unit of service is 15 minutes; and

(4) for unit-based services without programming under subdivision 9:

(i) for respite services, a unit of service is a day or 15 minutes. When a day rate is authorized, any portion of a calendar day when an individual receives services is billable as a day; and

(ii) for all other services, a unit of service is 15 minutes.

Sec. 64. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 4, is amended to read:

Subd. 4. **Data collection for rate determination.** (a) Rates for applicable home and community-based waived services, including rate exceptions under subdivision 12, are set by the rates management system.

(b) Data for services under section 256B.4913, subdivision 4a, shall be collected in a manner prescribed by the commissioner.

(c) Data and information in the rates management system may be used to calculate an individual's rate.

(d) Service providers, with information from the community support plan and oversight by lead agencies, shall provide values and information needed to calculate an individual's rate into the rates management system. These The determination of service levels must be part of a discussion with members of the support team as defined in section 245D.02, subdivision 34. This discussion must occur prior to the final establishment of each individual's rate. The values and information include:

(1) shared staffing hours;

(2) individual staffing hours;

(3) direct ~~RN~~ registered nurse hours;

(4) direct ~~LPN~~ licensed practical nurse hours;

(5) staffing ratios;

(6) information to document variable levels of service qualification for variable levels of reimbursement in each framework;

(7) shared or individualized arrangements for unit-based services, including the staffing ratio;

(8) number of trips and miles for transportation services; and

(9) service hours provided through monitoring technology.

(e) Updates to individual data ~~shall~~ must include:

(1) data for each individual that is updated annually when renewing service plans; and

(2) requests by individuals or lead agencies to update a rate whenever there is a change in an individual's service needs, with accompanying documentation.

(f) Lead agencies shall review and approve all services reflecting each individual's needs, and the values to calculate the final payment rate for services with variables under subdivisions 6, 7, 8, and 9 for each individual. Lead agencies must notify the individual and the service provider of the final agreed-upon values and rate, and provide information that is identical to what was entered into the rates management system. If a value used was mistakenly or erroneously entered and used to calculate a rate, a provider may petition lead agencies to correct it. Lead agencies must respond to these requests. When responding to the request, the lead agency must consider:

(1) meeting the health and welfare needs of the individual or individuals receiving services by service site, identified in their coordinated service and support plan under section 245D.02, subdivision 4b, and any addendum under section 245D.02, subdivision 4c;

(2) meeting the requirements for staffing under subdivision 2, paragraphs (f), (i), and (m); and meeting or exceeding the licensing standards for staffing required under section 245D.09, subdivision 1; and

(3) meeting the staffing ratio requirements under subdivision 2, paragraph (n), and meeting or exceeding the licensing standards for staffing required under section 245D.31.

Sec. 65. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 5, is amended to read:

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics as defined in the most recent edition of the Occupational Handbook ~~shall~~ must be used. The base wage index ~~shall~~ must be calculated as follows:

- (1) for residential direct care staff, the sum of:
 - (i) 15 percent of the subtotal of 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing aide (SOC code 31-1012); and 20 percent of the median wage for social and human services aide (SOC code 21-1093); and
 - (ii) 85 percent of the subtotal of 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);
- (2) for day services, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);
- (3) for residential asleep-overnight staff, the wage will be \$7.66 per hour, except in a family foster care setting, the wage is \$2.80 per hour;
- (4) for behavior program analyst staff, 100 percent of the median wage for mental health counselors (SOC code 21-1014);
- (5) for behavior program professional staff, 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);
- (6) for behavior program specialist staff, 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);
- (7) for supportive living services staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);
- (8) for housing access coordination staff, 50 percent of the median wage for community and social services specialist (SOC code 21-1099); and 50 percent of the median wage for social and human services aide (SOC code 21-1093);
- (9) for in-home family support staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of the median wage for community social service specialist (SOC code

21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(10) for independent living skills staff, 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and ten percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for supported employment staff, 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(12) for adult companion staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(13) for night supervision staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(14) for respite staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(15) for personal support staff, 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(16) for supervisory staff, the basic wage is \$17.43 per hour with exception of the supervisor of behavior analyst and behavior specialists, which ~~shall~~ must be \$30.75 per hour;

(17) for ~~RN~~ registered nurse, the basic wage is \$30.82 per hour; and

(18) for ~~LPN~~ licensed practical nurse, the basic wage is \$18.64 per hour.

(b) Component values for residential support services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(c) Component values for family foster care are:

(1) supervisory span of control ratio: 11 percent;

- (2) employee vacation, sick, and training allowance ratio: 8.71 percent;
- (3) employee-related cost ratio: 23.6 percent;
- (4) general administrative support ratio: 3.3 percent;
- (5) program-related expense ratio: 1.3 percent; and
- (6) absence factor: 1.7 percent.

(d) Component values for day services for all services are:

- (1) supervisory span of control ratio: 11 percent;
- (2) employee vacation, sick, and training allowance ratio: 8.71 percent;
- (3) employee-related cost ratio: 23.6 percent;
- (4) program plan support ratio: 5.6 percent;
- (5) client programming and support ratio: ten percent;
- (6) general administrative support ratio: 13.25 percent;
- (7) program-related expense ratio: 1.8 percent; and
- (8) absence and utilization factor ratio: 3.9 percent.

(e) Component values for unit-based services with programming are:

- (1) supervisory span of control ratio: 11 percent;
- (2) employee vacation, sick, and training allowance ratio: 8.71 percent;
- (3) employee-related cost ratio: 23.6 percent;
- (4) program plan supports ratio: 3.1 percent;
- (5) client programming and supports ratio: 8.6 percent;
- (6) general administrative support ratio: 13.25 percent;
- (7) program-related expense ratio: 6.1 percent; and
- (8) absence and utilization factor ratio: 3.9 percent.

(f) Component values for unit-based services without programming except respite are:

- (1) supervisory span of control ratio: 11 percent;
- (2) employee vacation, sick, and training allowance ratio: 8.71 percent;
- (3) employee-related cost ratio: 23.6 percent;
- (4) program plan support ratio: 3.1 percent;
- (5) client programming and support ratio: 8.6 percent;
- (6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services without programming for respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 6.1 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(h) On July 1, 2017, the commissioner shall update the base wage index in paragraph ~~(b)~~ (a) based on the wage data by standard occupational code (SOC) from the Bureau of Labor Statistics available on December 31, 2016. The commissioner shall publish these updated values and load them into the rate management system. This adjustment occurs every five years. For adjustments in 2021 and beyond, the commissioner shall use the data available on December 31 of the calendar year five years prior.

(i) On July 1, 2017, the commissioner shall update the framework components in paragraph ~~(e)~~ paragraphs (b) to (g); subdivision 6, clauses (8) and (9); and subdivision 7, clauses (16) and (17), for changes in the Consumer Price Index. The commissioner will adjust these values higher or lower by the percentage change in the Consumer Price Index-All Items, United States city average (CPI-U) from January 1, 2014, to January 1, 2017. The commissioner shall publish these updated values and load them into the rate management system. This adjustment occurs every five years. For adjustments in 2021 and beyond, the commissioner shall use the data available on January 1 of the calendar year four years prior and January 1 of the current calendar year.

Sec. 66. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 6, is amended to read:

Subd. 6. **Payments for residential support services.** (a) Payments for residential support services, as defined in sections 256B.092, subdivision 11, and 256B.49, subdivision 22, must be calculated as follows:

(1) determine the number of shared staffing and individual direct staff hours to meet a recipient's needs provided on-site or through monitoring technology;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5. This is defined as the direct-care rate;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

(4) multiply the number of shared and individual direct staff hours provided on-site or through monitoring technology and ~~direct~~ nursing hours by the appropriate staff wages in subdivision 5, paragraph (a), or the customized direct-care rate;

(5) multiply the number of shared and individual direct staff hours provided on-site or through monitoring technology and ~~direct~~ nursing hours by the product of the supervision span of control ratio in subdivision 5, paragraph (b), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);

(6) combine the results of clauses (4) and (5), excluding any shared and individual direct staff hours provided through monitoring technology, and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (2). This is defined as the direct staffing cost;

(7) for employee-related expenses, multiply the direct staffing cost, excluding any shared and individual direct staff hours provided through monitoring technology, by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (3);

(8) for client programming and supports, the commissioner shall add \$2,179; and

(9) for transportation, if provided, the commissioner shall add \$1,680, or \$3,000 if customized for adapted transport, per year based on the resident with the highest assessed need.

(b) The total rate ~~shall~~ must be calculated using the following steps:

(1) subtotal paragraph (a), clauses (7) to (9), and the direct staffing cost of any shared and individual direct staff hours provided through monitoring technology that was excluded in clause (7);

(2) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization ratio;

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount; and

(4) adjust the result of clause (3) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

(c) The payment methodology for customized living, 24-hour customized living, and residential care services ~~shall~~ must be the customized living tool. Revisions to the customized living tool ~~shall~~ must be made to reflect the services and activities unique to disability-related recipient needs.

(d) The commissioner shall establish a Monitoring Technology Review Panel to annually review and approve the plans, safeguards, and rates that include residential direct care provided remotely through monitoring technology. Lead agencies shall submit individual service plans that include supervision using monitoring technology to the Monitoring Technology Review Panel for approval. Individual service plans that include supervision using monitoring technology as of December 31, 2013, shall be submitted to the Monitoring Technology Review Panel, but the plans are not subject to approval.

(e) For individuals enrolled prior to January 1, 2014, the days of service authorized must meet or exceed the days of service used to convert service agreements in effect on December 1, 2013, and must not result in a reduction in spending or service utilization due to conversion during the

implementation period under section 256B.4913, subdivision 4a. If during the implementation period, an individual's historical rate, including adjustments required under section 256B.4913, subdivision 4a, paragraph (c), is equal to or greater than the rate determined in this subdivision, the number of days authorized for the individual is 365.

(f) The number of days authorized for all individuals enrolling after January 1, 2014, in residential services must include every day that services start and end.

Sec. 67. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 7, is amended to read:

Subd. 7. **Payments for day programs.** Payments for services with day programs including adult day care, day treatment and habilitation, prevocational services, and structured day services must be calculated as follows:

(1) determine the number of units of service and staffing ratio to meet a recipient's needs:

(i) the staffing ratios for the units of service provided to a recipient in a typical week must be averaged to determine an individual's staffing ratio; and

(ii) the commissioner, in consultation with service providers, shall develop a uniform staffing ratio worksheet to be used to determine staffing ratios under this subdivision;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct-care rate;

(4) multiply the number of day program direct staff hours and direct nursing hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct-care rate;

(5) multiply the number of day direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (d), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (d), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (d), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (d), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (d), clause (5);

(10) for program facility costs, add \$19.30 per week with consideration of staffing ratios to meet individual needs;

(11) for adult day bath services, add \$7.01 per 15 minute unit;

(12) this is the subtotal rate;

(13) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(14) divide the result of clause (12) by one minus the result of clause (13). This is the total payment amount;

(15) adjust the result of clause (14) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services;

(16) for transportation provided as part of day training and habilitation for an individual who does not require a lift, add:

(i) \$10.50 for a trip between zero and ten miles for a nonshared ride in a vehicle without a lift, \$8.83 for a shared ride in a vehicle without a lift, and \$9.25 for a shared ride in a vehicle with a lift;

(ii) \$15.75 for a trip between 11 and 20 miles for a nonshared ride in a vehicle without a lift, \$10.58 for a shared ride in a vehicle without a lift, and \$11.88 for a shared ride in a vehicle with a lift;

(iii) \$25.75 for a trip between 21 and 50 miles for a nonshared ride in a vehicle without a lift, \$13.92 for a shared ride in a vehicle without a lift, and \$16.88 for a shared ride in a vehicle with a lift; or

(iv) \$33.50 for a trip of 51 miles or more for a nonshared ride in a vehicle without a lift, \$16.50 for a shared ride in a vehicle without a lift, and \$20.75 for a shared ride in a vehicle with a lift;

(17) for transportation provided as part of day training and habilitation for an individual who does require a lift, add:

(i) \$19.05 for a trip between zero and ten miles for a nonshared ride in a vehicle with a lift, and \$15.05 for a shared ride in a vehicle with a lift;

(ii) \$32.16 for a trip between 11 and 20 miles for a nonshared ride in a vehicle with a lift, and \$28.16 for a shared ride in a vehicle with a lift;

(iii) \$58.76 for a trip between 21 and 50 miles for a nonshared ride in a vehicle with a lift, and \$58.76 for a shared ride in a vehicle with a lift; or

(iv) \$80.93 for a trip of 51 miles or more for a nonshared ride in a vehicle with a lift, and \$80.93 for a shared ride in a vehicle with a lift.

Sec. 68. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 9, is amended to read:

Subd. 9. **Payments for unit-based services without programming.** Payments for unit-based without program services, including night supervision, personal support, respite, and companion care provided to an individual outside of any day or residential service plan must be calculated as follows unless the services are authorized separately under subdivision 6 or 7:

(1) for all services except respite, determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf and hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5 or the customized direct care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (f), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (f), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (f), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (f), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (f), clause (5);

(10) this is the subtotal rate;

(11) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount;

(13) for respite services, determine the number of daily day units of service to meet an individual's needs;

(14) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(15) for a recipient requiring deaf and hard-of-hearing customization under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (14). This is defined as the customized direct care rate;

(16) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a);

(17) multiply the number of direct staff hours by the product of the supervisory span of control ratio in subdivision 5, paragraph (g), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (16);

(18) combine the results of clauses (16) and (17), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (g), clause (2). This is defined as the direct staffing rate;

(19) for employee-related expenses, multiply the result of clause (18) by one plus the employee-related cost ratio in subdivision 5, paragraph (g), clause (3);

(20) this is the subtotal rate;

(21) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(22) divide the result of clause (20) by one minus the result of clause (21). This is the total payment amount; and

(23) adjust the result of clauses (12) and (22) by a factor to be determined by the commissioner to adjust for regional differences in the cost of providing services.

Sec. 69. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 10, is amended to read:

Subd. 10. **Updating payment values and additional information.** (a) From January 1, 2014, through December 31, 2017, the commissioner shall develop and implement uniform procedures to refine terms and adjust values used to calculate payment rates in this section.

(b) No later than July 1, 2014, the commissioner shall, within available resources, begin to conduct research and gather data and information from existing state systems or other outside sources on the following items:

(1) differences in the underlying cost to provide services and care across the state; and

(2) mileage and utilization, vehicle type, lift requirements, incidents of individual and shared rides, and units of transportation for all day and unit-based services, which must be collected from providers using the rate management worksheet and entered into the rates management system; and

(3) the distinct underlying costs for services provided by a license holder certified under section 245D.33.

(c) Using a statistically valid set of rates management system data, the commissioner, in consultation with stakeholders, shall analyze for each service the average difference in the rate on December 31, 2013, and the framework rate at the individual, provider, lead agency, and state levels. The commissioner shall issue semiannual reports to the stakeholders on the difference in rates by service and by county during the banding period under section 256B.4913, subdivision 4a. The commissioner shall issue the first report by October 1, 2014.

(d) No later than July 1, 2014, the commissioner, in consultation with stakeholders, shall begin the review and evaluate evaluation of the following values already in subdivisions 6 to 9, or issues that impact all services, including, but not limited to:

(1) values for transportation rates for day services;

(2) values for transportation rates in residential services;

(3) values for services where monitoring technology replaces staff time;

- (4) values for indirect services;
- (5) values for nursing;
- (6) component values for independent living skills;
- (7) component values for family foster care that reflect licensing requirements;
- (8) adjustments to other components to replace the budget neutrality factor;
- (9) remote monitoring technology for nonresidential services;
- (10) values for basic and intensive services in residential services;
- (11) values for the facility use rate in day services;
- (12) values for workers' compensation as part of employee-related expenses;
- (13) values for unemployment insurance as part of employee-related expenses;
- (14) a component value to reflect costs for individuals with rates previously adjusted for the inclusion of group residential housing rate 3 costs, only for any individual enrolled as of December 31, 2013; and

(15) any changes in state or federal law with an impact on the underlying cost of providing home and community-based services.

(e) The commissioner shall report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance with the information and data gathered under paragraphs (b) to (d) on the following dates:

- (1) January 15, 2015, with preliminary results and data;
- (2) January 15, 2016, with a status implementation update, and additional data and summary information;
- (3) January 15, 2017, with the full report; and
- (4) January 15, 2019, with another full report, and a full report once every four years thereafter.

(f) Based on the commissioner's evaluation of the information and data collected in paragraphs (b) to (d), the commissioner ~~may shall~~ make recommendations to the legislature ~~to address any potential issues by January 15, 2015, to address any issues identified during the first year of implementation. After January 15, 2015, the commissioner may make recommendations to the legislature to address potential issues.~~

(g) The commissioner shall implement a regional adjustment factor to all rate calculations in subdivisions 6 to 9, effective no later than January 1, 2015. Prior to implementation, the commissioner shall consult with stakeholders on the methodology to calculate the adjustment.

(h) The commissioner shall provide a public notice via LISTSERV in October of each year beginning October 1, 2014, containing information detailing legislatively approved changes in:

- (1) calculation values including derived wage rates and related employee and administrative factors;

- (2) service utilization;
- (3) county and tribal allocation changes; and
- (4) information on adjustments made to calculation values and the timing of those adjustments.

The information in this notice ~~shall~~ must be effective January 1 of the following year.

Sec. 70. Minnesota Statutes 2013 Supplement, section 256B.4914, subdivision 15, is amended to read:

Subd. 15. **County or tribal allocations.** (a) Upon implementation of the disability waiver rates management system on January 1, 2014, the commissioner shall establish a method of tracking and reporting the fiscal impact of the disability waiver rates management system on individual lead agencies.

(b) Beginning January 1, 2014, the commissioner shall make annual adjustments to lead agencies' home and community-based waived service budget allocations to adjust for rate differences and the resulting impact on county allocations upon implementation of the disability waiver rates system.

(c) During the first two years of implementation under section 256B.4913, lead agencies exceeding their allocations under sections 256B.092 and 256B.49 shall only be held liable for spending in excess of their allocations after a reallocation of resources by the commissioner under paragraph (b). The commissioner shall reallocate resources under sections 256B.092, subdivision 12, and 256B.49, subdivision 11a. The commissioner shall notify lead agencies of this process by July 1, 2014.

Sec. 71. Minnesota Statutes 2013 Supplement, section 256B.492, is amended to read:

256B.492 HOME AND COMMUNITY-BASED SETTINGS FOR PEOPLE WITH DISABILITIES.

(a) Individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may receive services in the following settings:

- (1) an individual's own home or family home;
- (2) a licensed adult foster care or child foster care setting of up to five people; and
- (3) community living settings as defined in section 256B.49, subdivision 23, where individuals with disabilities may reside in all of the units in a building of four or fewer units, and who receive services under a home and community-based waiver occupy no more than the greater of four or 25 percent of the units in a multifamily building of more than four units, unless required by the Housing Opportunities for Persons with AIDS Program.

(b) The settings in paragraph (a) must not:

- (1) be located in a building that is a publicly or privately operated facility that provides institutional treatment or custodial care;
- (2) be located in a building on the grounds of or adjacent to a public or private institution;
- (3) be a housing complex designed expressly around an individual's diagnosis or disability, unless required by the Housing Opportunities for Persons with AIDS Program;

(4) be segregated based on a disability, either physically or because of setting characteristics, from the larger community; and

(5) have the qualities of an institution which include, but are not limited to: regimented meal and sleep times, limitations on visitors, and lack of privacy. Restrictions agreed to and documented in the person's individual service plan shall not result in a residence having the qualities of an institution as long as the restrictions for the person are not imposed upon others in the same residence and are the least restrictive alternative, imposed for the shortest possible time to meet the person's needs.

(c) The provisions of paragraphs (a) and (b) do not apply to any setting in which individuals receive services under a home and community-based waiver as of July 1, 2012, and the setting does not meet the criteria of this section.

(d) Notwithstanding paragraph (c), a program in Hennepin County established as part of a Hennepin County demonstration project is qualified for the exception allowed under paragraph (c).

(e) Notwithstanding paragraphs (a) and (b), a program in Hennepin County, located in the city of Golden Valley, within the city of Golden Valley's Highway 55 West redevelopment area, that is not a provider-owned or controlled home and community-based setting, and is scheduled to open by July 1, 2016, is exempt from the restrictions in paragraphs (a) and (b). If the program fails to comply with the Centers for Medicare and Medicaid Services rules for home and community-based settings, the exemption is void.

(f) The commissioner shall submit an amendment to the waiver plan no later than December 31, 2012.

Sec. 72. Minnesota Statutes 2012, section 256B.5012, is amended by adding a subdivision to read:

Subd. 16. ICF/DD rate increases effective July 1, 2014. (a) For the rate period beginning July 1, 2014, the commissioner shall increase operating payments for each facility reimbursed under this section equal to five percent of the operating payment rates in effect on June 30, 2014.

(b) For each facility, the commissioner shall apply the rate increase based on occupied beds, using the percentage specified in this subdivision multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate in effect on June 30, 2014. The total rate increase shall include the adjustment provided in section 256B.501, subdivision 12.

(c) Facilities that receive a rate increase under this subdivision shall use 80 percent of the additional revenue to increase compensation-related costs for employees directly employed by the facility on or after July 1, 2014, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the facility or exercises control over the facility; and

(2) persons paid by the facility under a management contract.

(d) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (f).

(e) For public employees under a collective bargaining agreement, the increase for wages and benefits is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a facility under paragraph (c) for pay increases for public employees must be used only for pay increases implemented between July 1, 2014, and August 1, 2014.

(f) For a facility that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required under paragraph (g), in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the facility shall be deemed to have met all the requirements of this subdivision in regard to the members of the bargaining unit. Upon request, the facility shall produce the letter of acceptance for the commissioner.

(g) A facility that receives a rate adjustment under paragraph (a) that is subject to paragraph (c) shall prepare, and upon request submit to the commissioner, a distribution plan that specifies the amount of money the facility expects to receive that is subject to the requirements of paragraph (c), including how that money will be distributed to increase compensation for employees.

(h) Using forms prescribed by the commissioner, facilities must submit to the commissioner verification that they have complied with paragraph (c).

(i) By January 1, 2015, the facility shall post the distribution plan required under paragraph (g) for a period of at least six weeks in an area of the facility's operation to which all eligible employees have access and shall provide instructions for employees who do not believe they have received the wage and other compensation-related increases specified in the distribution plan. The instructions must include a mailing address, e-mail address, and telephone number that an employee may use to contact the commissioner or the commissioner's representative.

Sec. 73. Laws 2012, chapter 247, article 4, section 47, is amended to read:

Sec. 47. COMMISSIONER TO SEEK AMENDMENT FOR EXCEPTION TO CONSUMER-DIRECTED COMMUNITY SUPPORTS BUDGET METHODOLOGY.

By July 1, ~~2012~~ 2014, if necessary, the commissioner shall request an amendment to the home and community-based services waivers authorized under Minnesota Statutes, sections 256B.092 and 256B.49, to establish an exception to the consumer-directed community supports budget methodology to provide up to 20 percent more funds for those participants who have their 21st birthday and graduate from high school ~~during~~ between 2013 to 2015 and are authorized for more services under consumer-directed community supports prior to graduation than ~~what~~ the amount they are eligible to receive under the current consumer-directed community supports budget methodology. The exception is limited to those who can demonstrate that they will have to leave consumer-directed community supports and use other waiver services because their need for day or employment supports cannot be met within the consumer-directed community supports budget limits. The commissioner shall consult with the stakeholder group authorized under Minnesota

Statutes, section 256B.0657, subdivision 11, to implement this provision. The exception process shall be effective upon federal approval for persons eligible ~~during 2013 and 2014~~ through June 30, 2017.

Sec. 74. HOME AND COMMUNITY-BASED SETTINGS TRANSITION PLAN.

The commissioner of human services shall develop a transition plan to comply with the Centers for Medicare and Medicaid Services final rule defining home and community-based settings published on January 16, 2014, Code of Federal Regulations, title 42, section 441.301(c)(4)-(5). In developing the plan, the commissioner shall consult with individuals with disabilities, seniors, and other stakeholders, including, but not limited to advocates, providers, lead agencies, other state agencies, and the Olmstead subcabinet. The commissioner shall submit the plan to the Centers for Medicare and Medicaid Services by December 31, 2014.

By January 15, 2015, the commissioner shall provide a report with the plan submitted to the Centers for Medicare and Medicaid Services, as well as any changes as a result of negotiations that have occurred with the Centers for Medicare and Medicaid Services, to the chairs and ranking minority members of the house of representatives and senate policy and finance committees with jurisdiction over health and human services. This report must contain any recommended legislation and funding requests necessary to implement the transition plan.

Sec. 75. MEDICAL ASSISTANCE SPENDDOWN REQUIREMENTS.

The commissioner of human services, in consultation with interested stakeholders, shall review medical assistance spenddown requirements and processes, including those used in other states, for individuals with disabilities and seniors age 65 years of age or older. Based on this review, the commissioner shall recommend alternative medical assistance spenddown payment requirements and processes that:

- (1) are practical for current and potential medical assistance recipients, providers, and the Department of Human Services;
- (2) improves the medical assistance payment process for providers; and
- (3) allows current and potential medical assistance recipients to obtain consistent and affordable medical coverage.

The commissioner shall report these recommendations, along with the projected cost, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance by February 15, 2015.

Sec. 76. PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2014.

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by five percent for the rate period beginning July 1, 2014, for services rendered on or after July 1, 2014. County or tribal contracts for services, grants, and programs under paragraph (b) must be amended to pass through these rate increases by September 1, 2014.

(b) The rate changes described in this section must be provided to:

(1) home and community-based waived services for persons with developmental disabilities, including consumer-directed community supports, under Minnesota Statutes, section 256B.501;

(2) waived services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(3) community alternative care waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) brain injury waived services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

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

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with developmental disabilities under Minnesota Statutes, sections 252.41 to 252.46, including the additional cost to counties of the rate adjustments on day training and habilitation services, provided as a social service;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

(11) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

(12) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256M;

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

(14) family support grants under Minnesota Statutes, section 252.32;

(15) housing access grants under Minnesota Statutes, section 256B.0658;

(16) self-advocacy grants under Laws 2009, chapter 101; and

(17) technology grants under Laws 2009, chapter 79.

(c) For individual service rates determined under Minnesota Statutes, section 256B.4914, the commissioner shall adjust the calculations in subdivisions 6, 7, 8, and 9, after any adjustments under Minnesota Statutes, section 256B.4914, subdivision 16, to reflect a five percent increase.

(d) The commissioner shall increase the banding values for all service recipients as defined in Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), by five percent, effective July 1, 2014.

(e) A managed care plan or county-based purchasing plan receiving state payments for the services grants and programs in paragraph (b) must include these increases in their payments to providers. To implement the rate increase in paragraph (a), capitation rates paid by the commissioner to managed care plans and county-based purchasing plans under Minnesota Statutes,

section 256B.69, shall reflect a five percent increase for the services and programs specified in paragraph (b) for the period beginning July 1, 2014.

(f) Counties shall increase the budget for each recipient of consumer-directed community supports by the amount in paragraph (a) on July 1, 2014.

(g) Providers that receive a rate increase under paragraph (a) shall use 80 percent of the additional revenue to increase compensation-related costs for employees directly employed by the program on or after July 1, 2014, except:

(1) persons employed in the central office of a corporation or entity that has an ownership interest in the provider or exercises control over the provider; and

(2) persons paid by the provider under a management contract.

(h) Compensation-related costs include:

(1) wages and salaries;

(2) the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, and mileage reimbursement;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, pensions, and contributions to employee retirement accounts; and

(4) other benefits provided and workforce needs, including the recruiting and training of employees as specified in the distribution plan required under paragraph (l).

(i) For public employees under a collective bargaining agreement, the increase for wages and benefits is available and pay rates must be increased only to the extent that the increases comply with laws governing public employees' collective bargaining. Money received by a provider for pay increases for public employees under paragraph (g) must be used only for pay increases implemented between July 1, 2014, and August 1, 2014.

(j) For a provider that has employees that are represented by an exclusive bargaining representative, the provider shall obtain a letter of acceptance of the distribution plan required under paragraph (m), in regard to the members of the bargaining unit, signed by the exclusive bargaining agent. Upon receipt of the letter of acceptance, the provider shall be deemed to have met all the requirements of this section in regard to the members of the bargaining unit. Upon request, the provider shall produce the letter of acceptance for the commissioner.

(k) The commissioner shall amend state grant contracts that include direct personnel-related grant expenditures to include the allocation for the portion of the contract related to employee compensation. Grant contracts for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(l) The Board on Aging and its area agencies on aging shall amend their grants that include direct personnel-related grant expenditures to include the rate adjustment for the portion of the grant related to employee compensation. Grants for compensation-related services must be amended to pass through these adjustments by September 1, 2014, and must be retroactive to July 1, 2014.

(m) A provider that receives a rate adjustment under paragraph (a) that is subject to paragraph (g) shall prepare, and upon request submit to the commissioner, a distribution plan that specifies the amount of money the provider expects to receive that is subject to the requirements of paragraph (g), including how that money will be distributed to increase compensation for employees.

(n) Using forms prescribed by the commissioner, providers must submit to the commissioner verification that they have complied with paragraph (g).

(o) By January 1, 2015, the provider shall post the distribution plan required under paragraph (l) for a period of at least six weeks in an area of the provider's operation to which all eligible employees have access and shall provide instructions for employees who do not believe they have received the wage and other compensation-related increases specified in the distribution plan. The instructions must include a mailing address, e-mail address, and telephone number that the employee may use to contact the commissioner or the commissioner's representative.

(p) For providers with rates established under Minnesota Statutes, section 256B.4914, and with a banding value established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), that is greater than the rate established under Minnesota Statutes, section 256B.4914, the requirements in paragraph (g) must only apply to the portion of the rate increase that exceeds the difference between the rate established under Minnesota Statutes, section 256B.4914, and the banding value established under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b).

Sec. 77. NURSING FACILITY RATE ADJUSTMENT.

Subdivision 1. **Application for rate adjustment.** (a) To receive a rate adjustment, nursing facilities must submit an application to the commissioner in a form and manner determined by the commissioner. The application shall include data for a period beginning with the first pay period after January 1, 2014, and including at least three months of employee compensated hours by wage rate, and a spending plan that describes how the funds from the rate adjustment will be allocated for compensation to employees paid less than \$14 per hour. The application must be submitted by December 31, 2014. The commissioner may request any additional information needed to determine the rate adjustment within three weeks of receiving a complete application. The nursing facility must provide any additional information requested by the commissioner by March 31, 2015. The commissioner may waive the deadlines in this subdivision under extraordinary circumstances.

(b) For nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application submitted under this subdivision only upon receipt of a letter of acceptance of the spending plan in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 31, 2014. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this subdivision as having been met in regard to the members of the bargaining unit.

Subd. 2. **Rate adjustment calculation.** Based on the application in subdivision 1, the commissioner shall calculate the annualized compensation costs by adding the totals of clauses (1), (2), and (3). The result must be divided by the resident days from the most recently available cost report to determine a per diem amount, which must be included in the external fixed cost portion of the total payment rate under Minnesota Statutes, section 256B.441, subdivision 53:

(1) the sum of the difference between \$9.50 and any hourly wage rate of less than \$9.50, multiplied by the number of compensated hours at that wage rate;

(2) the sum of items (i) to (viii):

(i) for all compensated hours from \$8 to \$8.49 per hour, the number of compensated hours is multiplied by \$0.13;

(ii) for all compensated hours from \$8.50 to \$8.99 per hour, the number of compensated hours is multiplied by \$0.25;

(iii) for all compensated hours from \$9 to \$9.49 per hour, the number of compensated hours is multiplied by \$0.38;

(iv) for all compensated hours from \$9.50 to \$10.49 per hour, the number of compensated hours is multiplied by \$0.50;

(v) for all compensated hours from \$10.50 to \$10.99 per hour, the number of compensated hours is multiplied by \$0.40;

(vi) for all compensated hours from \$11 to \$11.49 per hour, the number of compensated hours is multiplied by \$0.30;

(vii) for all compensated hours from \$11.50 to \$11.99 per hour, the number of compensated hours is multiplied by \$0.20; and

(viii) for all compensated hours from \$12 to \$13.00 per hour, the number of compensated hours is multiplied by \$0.10; and

(3) the sum of the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, pensions, and contributions to employee retirement accounts attributable to the amounts in clauses (1) and (2).

Subd. 3. **Rate adjustment.** For the rate year beginning October 1, 2014, nursing facilities that receive approval of the application in subdivision 1 must receive a rate adjustment according to subdivision 2. The rate adjustment must be used to pay compensation costs for nursing facility employees paid less than \$14 per hour. The rate adjustment must continue to be included in the total payment rate in subsequent years.

Sec. 78. DISABILITY WAIVER REIMBURSEMENT RATE ADJUSTMENTS.

Subdivision 1. **Historical rate.** The commissioner of human services shall adjust the historical rates calculated in Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (b), in effect during the banding period under Minnesota Statutes, section 256B.4913, subdivision 4a, paragraph (a), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

Subd. 2. **Residential support services.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 6, paragraphs (b), clause (4), and (c), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

Subd. 3. **Day programs.** The commissioner of human services shall adjust the rates calculated in Minnesota Statutes, section 256B.4914, subdivision 7, paragraph (a), clauses (15) to (17), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

Subd. 4. **Unit-based services with programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 8, paragraph (a), clause (14), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

Subd. 5. **Unit-based services without programming.** The commissioner of human services shall adjust the rate calculated in Minnesota Statutes, section 256B.4914, subdivision 9, paragraph (a), clause (23), for the reimbursement rate increases effective April 1, 2014, and any rate modification enacted during the 2014 legislative session.

Sec. 79. **WAIVER APPLICATIONS FOR NONEMERGENCY MEDICAL TRANSPORTATION SERVICE PROVIDERS.**

Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply:

(1) "new provider" is a nonemergency medical transportation service provider that was not required to comply with special transportation service operating standards before the effective date of this act; and

(2) "commissioner" is the commissioner of human services.

Subd. 2. **Application for and terms of variance.** A new provider may apply to the commissioner, on a form supplied by the commissioner for this purpose, for a variance from special transportation service operating standards. The commissioner may grant or deny the variance application. Variances expire on the earlier of, February 1, 2016, or the date that the commissioner of transportation begins certifying new providers under the terms of this act and successor legislation.

Subd. 3. **Information concerning variances.** The commissioner shall periodically transmit to the Department of Transportation the number of variance applications received and the number granted.

Subd. 4. **Report by commissioner of transportation.** On or before February 1, 2015, the commissioner of transportation shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over transportation and human services concerning implementing the nonemergency medical transportation services provisions. The report must contain recommendations of the commissioner of transportation concerning statutes, session laws, and rules that must be amended, repealed, enacted, or adopted to implement the nonemergency medical transportation services provisions. The recommendations must include, without limitation, the amount of the fee that would be required to cover the costs of Department of Transportation supervision of inspection and certification, as well as any needed statutory rulemaking or other authority to be granted to the commissioner of transportation.

Sec. 80. **REVISOR'S INSTRUCTION.**

(a) In each section of Minnesota Statutes or part of Minnesota Rules referred to in column A, the revisor of statutes shall delete the word or phrase in column B and insert the phrase in column C. The revisor shall also make related grammatical changes and changes in headnotes.

Column A

Column B

Column C

<u>section 158.13</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.14</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.17</u>	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.18</u>	<u>persons not defective</u>	<u>persons without developmental disabilities</u>
	<u>defective person</u>	<u>person with developmental disabilities</u>
	<u>defective persons</u>	<u>persons with developmental disabilities</u>
<u>section 158.19</u>	<u>defective</u>	<u>person with developmental disabilities</u>
<u>section 256.94</u>	<u>defective</u>	<u>children with developmental disabilities and</u>
<u>section 257.175</u>	<u>defective</u>	<u>children with developmental disabilities and</u>
<u>part 2911.1350</u>	<u>retardation</u>	<u>developmental disability</u>

(b) The revisor of statutes shall change the term "health and safety" to "health and welfare" in the following statutes: Minnesota Statutes, sections 245D.03, 245D.061, 245D.071, 245D.10, 245D.11, 245D.31, 256B.0915, and 256B.092.

Sec. 81. **REPEALER.**

Minnesota Statutes 2013 Supplement, section 256B.0625, subdivision 18f, is repealed.

ARTICLE 19

HEALTH CARE

Section 1. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 38. **Contract to match recipient third-party liability information.** The commissioner may enter into a contract with a national organization to match recipient third-party liability information and provide coverage and insurance primacy information to the department at no charge to providers and the clearinghouses.

Sec. 2. Minnesota Statutes 2012, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner shall establish procedures for determining medical assistance ~~and general assistance medical care~~ payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. Services must meet the requirements of section 256B.04, subdivision 15, ~~or 256D.03, subdivision 7, paragraph (b),~~ to be eligible for payment.

(b) The commissioner may reduce the types of inpatient hospital admissions that are required to be certified as medically necessary after notice in the State Register and a 30-day comment period.

Sec. 3. Minnesota Statutes 2012, section 256.9685, subdivision 1a, is amended to read:

Subd. 1a. **Administrative reconsideration.** Notwithstanding ~~sections~~ section 256B.04, subdivision 15, and ~~256D.03, subdivision 7,~~ the commissioner shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. A physician or hospital may request a reconsideration of the decision that inpatient hospital services are not medically necessary by submitting a written request for review to the commissioner within 30 days after receiving notice of the decision. The reconsideration process shall take place prior to the procedures of subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Sec. 4. Minnesota Statutes 2012, section 256.9686, subdivision 2, is amended to read:

Subd. 2. **Base year.** "Base year" means a hospital's fiscal year or years that is recognized by the Medicare program or a hospital's fiscal year specified by the commissioner if a hospital is not required to file information by the Medicare program from which cost and statistical data are used to establish medical assistance ~~and general assistance medical care~~ payment rates.

Sec. 5. Minnesota Statutes 2012, section 256.969, subdivision 1, is amended to read:

Subdivision 1. **Hospital cost index.** (a) The hospital cost index shall be the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis.

(b) ~~For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply through calendar year 2001. The index for calendar year 2000 shall be reduced 2.5 percentage points to recover overprojections of the index from 1994 to 1996. The commissioner of management and budget shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.~~

Sec. 6. Minnesota Statutes 2012, section 256.969, subdivision 2, is amended to read:

Subd. 2. **Diagnostic categories.** The commissioner shall use to the extent possible existing diagnostic classification systems, ~~including such as the system used by the Medicare program~~ all patient-refined diagnosis-related groups (APR-DRGs) or other similar classification programs to determine the relative values of inpatient services and case mix indices. The commissioner may combine diagnostic classifications into diagnostic categories and may establish separate categories and numbers of categories based on ~~program eligibility or hospital peer group.~~ Relative values shall be ~~recalculated~~ recalibrated when the base year is changed. Relative value determinations shall include paid claims for admissions during each hospital's base year. The commissioner may ~~extend the time period forward to obtain sufficiently valid information to establish relative~~

~~values supplement the diagnostic classification systems data with national averages. Relative value determinations shall not include property cost data, Medicare crossover data, and data on admissions that are paid a per day transfer rate under subdivision 14. The computation of the base year cost per admission must include identified outlier cases and their weighted costs up to the point that they become outlier cases, but must exclude costs recognized in outlier payments beyond that point. The commissioner may recategorize the diagnostic classifications and recalculate recalibrate relative values and case mix indices to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the State Register and a 30-day comment period. The commissioner shall recategorize the diagnostic classifications and recalculate relative values and case mix indices based on the two-year schedule in effect prior to January 1, 2013, reflected in subdivision 2b. The first recategorization shall occur January 1, 2013, and shall occur every two years after. When rates are not rebased under subdivision 2b, the commissioner may establish relative values and case mix indices based on charge data and may update the base year to the most recent data available.~~

Sec. 7. Minnesota Statutes 2012, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating Hospital payment rates.** ~~In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, January 1, 2005, for the first 24 months of the rebased period beginning January 1, 2009~~ (a) For discharges occurring on and after October 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according to the following:

- (1) critical access hospitals as defined by Medicare shall be paid using a cost-based methodology;
- (2) long-term care hospitals as defined by Medicare shall be paid on a per diem methodology under subdivision 25;
- (3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation distinct parts as defined by Medicare shall be paid according to the methodology under subdivision 12; and
- (4) all other hospitals shall be paid on a diagnostic-related group (DRG) methodology.

(b) For the rebased period beginning January 1, 2011, to September 30, 2014, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For subsequent rate setting periods after October 1, 2014, in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals. Effective January 1, 2013, and after, rates shall not be rebased.

(c) Effective for discharges occurring on and after October 1, 2014, payment rates for hospital inpatient services provided by hospitals located in Minnesota or the local trade area, except for the hospitals paid under the methodologies described in paragraph (a), clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a manner similar to Medicare. The base year for the rates effective October 1, 2014, shall be state fiscal year 2012. The rebasing

must be budget neutral, ensuring that the total aggregate payments under the rebased system are equal to the total aggregate payments made for the same number and types of services in the base year. Separate budget neutrality calculations must be determined for payments made to critical access hospitals and payments made to hospitals paid under the DRG system. Any rate increases or decreases under subdivision 3a that applied to the hospitals being rebased during the base period must be incorporated into the budget neutrality calculation. Any rate increases or decreases that did not apply to the base period shall not be considered in the budget neutrality calculation. The estimated expenditures in fiscal years 2015, 2016, and 2017, after the rebasing is complete, must equal the estimated expenditures for inpatient hospital services in the February 2014 forecast.

(d) For discharges occurring October 1, 2014, through and including June 30, 2016, the rebased rates must include necessary adjustments to the projected rates that result in no greater than a five percent increase or decrease from the base year payments for any hospital. In addition to these adjustments, the commissioner may make adjustments to rates and must consider the impact of changes on at least the following when evaluating whether additional adjustments should be made:

- (1) pediatric services;
- (2) behavioral health services;
- (3) trauma services as defined by the National Uniform Billing Committee;
- (4) transplant services;
- (5) obstetric services, newborn services, and behavioral health services provided by hospitals outside the seven-county metropolitan area;
- (6) outlier admissions;
- (7) low-volume providers; and
- (8) services provided by small rural hospitals that are not critical access hospitals.

(e) Hospital payment rates established under paragraph (c) must incorporate the following:

(1) for hospitals paid under the DRG methodology, the base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. applicable Medicare wage index and adjusted by the hospital's disproportionate population adjustment;

(2) for critical access hospitals, interim per diem payment rate must be based on the ratio of cost and charges reported on the base year Medicare cost report or reports and applied to medical assistance utilization data. Final settlement payments for a state fiscal year must be determined based on a review of the Medicaid cost report for the applicable state fiscal year;

(3) the cost and charge data used to establish operating hospital payment rates shall must only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments; and

(4) in determining hospital payment rates for discharges occurring on or after the rate year beginning January 1, 2011, to December 31, 2012, the hospital payment rate per discharge must be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

Sec. 8. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 2d. **Budget neutrality factor.** For the rebased period effective October 1, 2014, when rebasing rates under subdivision 2b, paragraph (c), the commissioner shall apply a budget neutrality factor (BNF), if applicable, to all hospitals' rebased rates to ensure that total DRG and critical access hospital payments to hospitals do not exceed total DRG and critical access hospital payments that would have been made to hospitals for the same number and types of services if the relative rates and weights had not been recalibrated and cost-based payments for critical access hospitals had not been established. For the purposes of this subdivision, BNF equals the percentage change from total aggregate payments calculated under a new payment system to total aggregate payments calculated under the old system for the same number and types of services.

Sec. 9. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 2e. **Interim payments.** Notwithstanding subdivision 2b, for discharges occurring on or after October 1, 2014, and no later than June 30, 2015, the commissioner may implement an interim payment process to pay hospitals, including payments based on each hospital's average payments per claim for state fiscal years 2011 and 2012. These interim payments may be used to pay hospitals if the new payment system and rebasing under subdivision 2b is not complete by October 1, 2014. Claims paid at interim payment rates shall be reprocessed and paid at the rates established under the new system upon implementation of the new system.

Sec. 10. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 2f. **Report required.** (a) The commissioner shall report to the legislature by March 1, 2015, and by March 1, 2016, on the financial impacts by hospital and policy ramifications, if any, resulting from payment methodology changes implemented after September 30, 2014, and before December 15, 2015.

(b) The commissioner shall report, at a minimum, the following information:

(1) case-mix adjusted calculations of net payment impacts for each hospital resulting from the difference between the payments each hospital would have received under the payment methodology for discharges before September 30, 2014, and the payments each hospital has or is expected to receive for the same number and types of services under the payment methodology implemented effective October 1, 2014;

(2) any adjustments that the commissioner made and the impacts of those adjustments for each hospital; and

(3) recommendations for further refinement or improvement of the hospital inpatient payment system or methodologies.

Sec. 11. Minnesota Statutes 2012, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third-party and recipient liability, for discharges occurring

during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. ~~This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991.~~ Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates ~~by December 1 of the year preceding the rate year~~ 30 days prior to implementation. The rate setting data must reflect the admissions data used to establish relative values. ~~Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1.~~ The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after August 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. ~~Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care.~~ Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this

paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2011, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 or corresponding APR-DRGs, and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2011, to reflect this reduction.

(h) In addition to the reductions in paragraphs (b), (c), (d), (f), and (g), the total payment for fee-for-service admissions occurring on or after July 1, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced one percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.

(i) In addition to the reductions in paragraphs (b), (c), (d), (g), and (h), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.96 percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2011, to reflect this reduction.

(j) Effective for discharges on and after October 1, 2014, from hospitals paid under subdivision 2b, paragraph (a), clauses (1) and (4), the rate adjustments in this subdivision must be incorporated into the rebased rates established under subdivision 2b, paragraph (c), and must not be applied to each claim.

Sec. 12. Minnesota Statutes 2012, section 256.969, subdivision 3b, is amended to read:

Subd. 3b. Nonpayment for hospital-acquired conditions and for certain treatments. (a) The commissioner must not make medical assistance payments to a hospital for any costs of care that result from a condition ~~listed~~ identified in paragraph (c), if the condition was hospital acquired.

(b) For purposes of this subdivision, a condition is hospital acquired if it is not identified by the hospital as present on admission. For purposes of this subdivision, medical assistance includes ~~general assistance medical care and MinnesotaCare.~~

(c) The prohibition in paragraph (a) applies to payment for each hospital-acquired condition ~~listed in this paragraph that is represented by an ICD-9-CM or ICD-10-CM diagnosis code and is designated as a complicating condition or a major complicating condition:~~

- (1) foreign object retained after surgery (ICD-9-CM codes 998.4 or 998.7);
- (2) air embolism (ICD-9-CM code 999.1);
- (3) blood incompatibility (ICD-9-CM code 999.6);
- (4) pressure ulcers stage III or IV (ICD-9-CM codes 707.23 or 707.24);
- (5) falls and trauma, including fracture, dislocation, intracranial injury, crushing injury, burn, and electric shock (ICD-9-CM codes with these ranges on the complicating condition and major complicating condition list: 800-829; 830-839; 850-854; 925-929; 940-949; and 991-994);
- (6) catheter-associated urinary tract infection (ICD-9-CM code 996.64);
- (7) vascular catheter-associated infection (ICD-9-CM code 999.31);
- (8) manifestations of poor glycemic control (ICD-9-CM codes 249.10; 249.11; 249.20; 249.21; 250.10; 250.11; 250.12; 250.13; 250.20; 250.21; 250.22; 250.23; and 251.0);
- (9) surgical site infection (ICD-9-CM codes 996.67 or 998.59) following certain orthopedic procedures (procedure codes 81.01; 81.02; 81.03; 81.04; 81.05; 81.06; 81.07; 81.08; 81.23; 81.24; 81.31; 81.32; 81.33; 81.34; 81.35; 81.36; 81.37; 81.38; 81.83; and 81.85);
- (10) surgical site infection (ICD-9-CM code 998.59) following bariatric surgery (procedure codes 44.38; 44.39; or 44.95) for a principal diagnosis of morbid obesity (ICD-9-CM code 278.01);
- (11) surgical site infection, mediastinitis (ICD-9-CM code 519.2) following coronary artery bypass graft (procedure codes 36.10 to 36.19); and
- (12) deep vein thrombosis (ICD-9-CM codes 453.40 to 453.42) or pulmonary embolism (ICD-9-CM codes 415.11 or 415.19) following total knee replacement (procedure code 81.54) or hip replacement (procedure codes 00.85 to 00.87 or 81.51 to 81.52). The list of conditions shall be the hospital-acquired conditions (HAC) list defined by the Centers for Medicare and Medicaid Services on an annual basis.

(d) The prohibition in paragraph (a) applies to any additional payments that result from a hospital-acquired condition ~~listed~~ identified in paragraph (c), including, but not limited to, additional treatment or procedures, readmission to the facility after discharge, increased length of stay, change to a higher diagnostic category, or transfer to another hospital. In the event of a transfer to another hospital, the hospital where the condition ~~listed~~ identified under paragraph (c) was acquired is responsible for any costs incurred at the hospital to which the patient is transferred.

(e) A hospital shall not bill a recipient of services for any payment disallowed under this subdivision.

Sec. 13. Minnesota Statutes 2012, section 256.969, subdivision 3c, is amended to read:

Subd. 3c. **Rateable reduction and readmissions reduction.** (a) The total payment for fee for service admissions occurring on or after September 1, 2011, ~~through June 30, 2015~~ to October 31, 2014, made to hospitals for inpatient services before third-party liability and spenddown, is reduced ten percent from the current statutory rates. Facilities defined under subdivision 16, long-term hospitals as determined under the Medicare program, children's hospitals whose inpatients are predominantly under 18 years of age, and payments under managed care are excluded from this paragraph.

(b) Effective for admissions occurring during calendar year 2010 and each year after, the commissioner shall calculate a regional readmission rate for admissions to all hospitals occurring within 30 days of a previous discharge. The commissioner may adjust the readmission rate taking into account factors such as the medical relationship, complicating conditions, and sequencing of treatment between the initial admission and subsequent readmissions.

(c) Effective for payments to all hospitals on or after July 1, 2013, through ~~June 30, 2015~~ October 31, 2014, the reduction in paragraph (a) is reduced one percentage point for every percentage point reduction in the overall readmissions rate between the two previous calendar years to a maximum of five percent.

(d) The exclusion from the rate reduction in paragraph (a) also applies to admissions of patients under 18 years of age to a hospital located in Hennepin County with a licensed capacity of 1,700 beds as of September 1, 2011.

EFFECTIVE DATE. Paragraph (d) is effective retroactively from September 1, 2011, and applies to admissions on or after that date.

Sec. 14. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 4b. **Medical assistance cost reports for services.** (a) A hospital that meets one of the following criteria must annually file medical assistance cost reports within six months of the end of the hospital's fiscal year:

(1) a hospital designated as a critical access hospital that receives medical assistance payments;
or

(2) a Minnesota hospital or out-of-state hospital located within a Minnesota local trade area that receives a disproportionate population adjustment under subdivision 9.

For purposes of this subdivision, local trade area has the meaning given in subdivision 17.

(b) The commissioner shall suspend payments to any hospital that fails to file a report required under this subdivision. Payments must remain suspended until the report has been filed with and accepted by the Department of Human Services inpatient rates unit.

Sec. 15. Minnesota Statutes 2012, section 256.969, subdivision 6a, is amended to read:

Subd. 6a. **Special considerations.** In determining the payment rates, the commissioner shall consider whether the circumstances in subdivisions ~~7~~ 8 to 14 exist.

Sec. 16. Minnesota Statutes 2012, section 256.969, subdivision 8, is amended to read:

Subd. 8. **Unusual length of stay experience.** (a) The commissioner shall establish day outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the mean length of stay. Payment for the days beyond the outlier threshold shall be in addition to the operating and property payment rates per admission established under subdivisions 2, 2b, and 2c. Payment for outliers shall be at 70 percent of the allowable operating cost, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment. The outlier threshold for neonatal and burn diagnostic categories shall be established at one standard deviation beyond the mean length of stay, and payment shall be at 90 percent of allowable operating cost calculated in the same manner as other outliers. A hospital may choose an alternative to the 70 percent outlier payment that is at a minimum of 60 percent and a maximum of 80 percent if

the commissioner is notified in writing of the request by October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission.

(b) Effective for transfers occurring on and after October 1, 2014, the commissioner shall establish payment rates for acute transfers that are based on Medicare methodologies.

Sec. 17. Minnesota Statutes 2012, section 256.969, subdivision 8a, is amended to read:

Subd. 8a. ~~Short length of stay Neonatal admissions.~~ Except as provided in subdivision 13, for admissions occurring on or after July 1, 1995, payment shall be determined as follows and shall be included in the base year for rate setting purposes:

~~(1) for an admission that is categorized to a neonatal diagnostic related group in which the length of stay is less than 50 percent of the average length of stay for the category in the base year and the patient at admission is equal to or greater than the age of one, payments shall be established according to the methods of subdivision 14;~~

(2) For an admission that is categorized to a diagnostic category that includes neonatal respiratory distress syndrome, the hospital must have a level II or level III nursery and the patient must receive treatment in that unit or payment will be made without regard to the syndrome condition.

EFFECTIVE DATE. This section is effective October 1, 2014.

Sec. 18. Minnesota Statutes 2012, section 256.969, is amended by adding a subdivision to read:

Subd. 8c. Hospital residents. For discharges on or after October 1, 2014, payments for hospital residents shall be made as follows:

(1) payments for the first 180 days of inpatient care shall be the APR-DRG system plus any appropriate outliers; and

(2) payment for all medically necessary patient care subsequent to 180 days shall be reimbursed at a rate computed by multiplying the statewide average cost-to-charge ratio by the usual and customary charges.

Sec. 19. Minnesota Statutes 2012, section 256.969, subdivision 9, is amended to read:

Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. ~~The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care.~~ The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. ~~The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care~~ for critical access hospitals. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class; and

~~(3) for a hospital that had medical assistance fee-for-service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee-for-service payment volume, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,515,000 due on the 15th of each month after noon, beginning July 15, 1995. For a hospital that had medical assistance fee-for-service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee-for-service payment volume and was the primary hospital affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$505,000 due on the 15th of each month after noon, beginning July 15, 1995; and~~

~~(4) effective August 1, 2005, the payments in paragraph (b), clause (3), shall be reduced to zero.~~

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2), on a

~~nondiscounted hospital-specific basis but shall not adjust those rates to reflect payments provided in clause (3).~~

~~(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.~~

~~(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.~~

~~(f) For hospital services occurring on or after July 1, 2005, to June 30, 2007:~~

~~(1) general assistance medical care expenditures for fee-for-service inpatient and outpatient hospital payments made by the department shall be considered Medicaid disproportionate share hospital payments, except as limited below:~~

~~(i) only the portion of Minnesota's disproportionate share hospital allotment under section 1923(f) of the Social Security Act that is not spent on the disproportionate population adjustments in paragraph (b), clauses (1) and (2), may be used for general assistance medical care expenditures;~~

~~(ii) only those general assistance medical care expenditures made to hospitals that qualify for disproportionate share payments under section 1923 of the Social Security Act and the Medicaid state plan may be considered disproportionate share hospital payments;~~

~~(iii) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and~~

~~(iv) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act.~~

~~All hospitals and prepaid health plans participating in general assistance medical care must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures; and~~

~~(2) (c) Certified public expenditures made by Hennepin County Medical Center shall be considered Medicaid disproportionate share hospital payments. Hennepin County and Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning July 1, 2005, or another date specified by the commissioner, that may qualify for reimbursement under federal law. Based on these reports, the commissioner shall apply for federal matching funds.~~

~~(g) (d) Upon federal approval of the related state plan amendment, paragraph (f) (c) is effective retroactively from July 1, 2005, or the earliest effective date approved by the Centers for Medicare and Medicaid Services.~~

Sec. 20. Minnesota Statutes 2012, section 256.969, subdivision 10, is amended to read:

Subd. 10. **Separate billing by certified registered nurse anesthetists.** Hospitals ~~may~~ must exclude certified registered nurse anesthetist costs from the operating payment rate as ~~allowed by~~ section 256B.0625, subdivision 11. ~~To be eligible, a hospital must notify the commissioner in writing by October 1 of even-numbered years to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse~~

~~anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services.~~

~~For admissions occurring on or after July 1, 1991, and until the expiration date of section 256.9695, subdivision 3, services of certified registered nurse anesthetists provided on an inpatient basis may be paid as allowed by section 256B.0625, subdivision 11, when the hospital's base year did not include the cost of these services. To be eligible, a hospital must notify the commissioner in writing by July 1, 1991, of the request and must comply with all other requirements of this subdivision.~~

Sec. 21. Minnesota Statutes 2012, section 256.969, subdivision 12, is amended to read:

Subd. 12. **Rehabilitation hospitals and distinct parts.** (a) Units of hospitals that are recognized as rehabilitation distinct parts by the Medicare program shall have separate provider numbers under the medical assistance program for rate establishment and billing purposes only. These units shall also have operating and property payment rates and the disproportionate population adjustment, if allowed by federal law, established separately from other inpatient hospital services.

(b) The commissioner may shall establish separate relative values under subdivision 2 for rehabilitation hospitals and distinct parts as defined by the Medicare program. Effective for discharges on and after October 1, 2014, the commissioner, to the extent possible, shall replicate the existing payment rate methodology under the new diagnostic classification system. The result must be budget neutral, ensuring that the total aggregate payments under the new system are equal to the total aggregate payments made for the same number and types of services in the base year state fiscal year 2012.

(c) For individual hospitals that did not have separate medical assistance rehabilitation provider numbers or rehabilitation distinct parts in the base year, hospitals shall provide the information needed to separate rehabilitation distinct part cost and claims data from other inpatient service data.

Sec. 22. Minnesota Statutes 2012, section 256.969, subdivision 14, is amended to read:

Subd. 14. **Transfers.** ~~Except as provided in subdivisions 11 and 13,~~ (a) Operating and property payment rates for admissions that result in transfers and transfers shall be established on a per day payment system. The per day payment rate shall be the sum of the adjusted operating and property payment rates determined under this subdivision and subdivisions 2, 2b, 2c, 3a, 4a, 5a, and 7 8 to 12, divided by the arithmetic mean length of stay for the diagnostic category. Each admission that results in a transfer and each transfer is considered a separate admission to each hospital, and the total of the admission and transfer payments to each hospital must not exceed the total per admission payment that would otherwise be made to each hospital under this subdivision and subdivisions 2, 2b, 2c, 3a, 4a, 5a, and ~~7 to 13~~ 8 to 12.

(b) Effective for transfers occurring on and after October 1, 2014, the commissioner shall establish payment rates for acute transfers that are based on Medicare methodologies.

Sec. 23. Minnesota Statutes 2012, section 256.969, subdivision 17, is amended to read:

Subd. 17. **Out-of-state hospitals in local trade areas.** Out-of-state hospitals that are located within a Minnesota local trade area and that have more than 20 admissions in the base year or years shall have rates established using the same procedures and methods that apply to Minnesota

hospitals. For this subdivision and subdivision 18, local trade area means a county contiguous to Minnesota and located in a metropolitan statistical area as determined by Medicare for October 1 prior to the most current rebased rate year. Hospitals that are not required by law to file information in a format necessary to establish rates shall have rates established based on the commissioner's estimates of the information. Relative values of the diagnostic categories shall not be redetermined under this subdivision until required by rule statute. Hospitals affected by this subdivision shall then be included in determining relative values. However, hospitals that have rates established based upon the commissioner's estimates of information shall not be included in determining relative values. This subdivision is effective for hospital fiscal years beginning on or after July 1, 1988. A hospital shall provide the information necessary to establish rates under this subdivision at least 90 days before the start of the hospital's fiscal year.

Sec. 24. Minnesota Statutes 2012, section 256.969, subdivision 18, is amended to read:

Subd. 18. **Out-of-state hospitals outside local trade areas.** Hospitals that are not located within Minnesota or a Minnesota local trade area shall have ~~operating and property~~ inpatient hospital rates established at the average of statewide and local trade area rates or, at the commissioner's discretion, at an amount negotiated by the commissioner. Relative values shall not include data from hospitals that have rates established under this subdivision. Payments, including third-party and recipient liability, established under this subdivision may not exceed the charges on a claim specific basis for inpatient services that are covered by medical assistance.

Sec. 25. Minnesota Statutes 2012, section 256.969, subdivision 25, is amended to read:

Subd. 25. **Long-term hospital rates.** (a) Long-term hospitals shall be paid a per diem rate established by the commissioner.

(b) For admissions occurring on or after April 1, 1995, a long-term hospital as designated by Medicare that does not have admissions in the base year shall have inpatient rates established at the average of other hospitals with the same designation. For subsequent rate-setting periods in which base years are updated, the hospital's base year shall be the first Medicare cost report filed with the long-term hospital designation and shall remain in effect until it falls within the same period as other hospitals.

Sec. 26. Minnesota Statutes 2012, section 256.969, subdivision 30, is amended to read:

Subd. 30. **Payment rates for births.** (a) For admissions occurring on or after ~~October 1, 2009~~ October 1, 2014, the total operating and property payment rate, excluding disproportionate population adjustment, for the following diagnosis-related groups, as they fall within the diagnostic APR-DRG categories: (1) 371 cesarean section without complicating diagnosis 5601, 5602, 5603, 5604 vaginal delivery; and (2) 372 vaginal delivery with complicating diagnosis; and (3) 373 vaginal delivery without complicating diagnosis 5401, 5402, 5403, 5404 cesarean section, shall be no greater than \$3,528.

(b) The rates described in this subdivision do not include newborn care.

(c) Payments to managed care and county-based purchasing plans under section 256B.69, 256B.692, or 256L.12 shall be reduced for services provided on or after October 1, 2009, to reflect the adjustments in paragraph (a).

(d) Prior authorization shall not be required before reimbursement is paid for a cesarean section delivery.

Sec. 27. Minnesota Statutes 2012, section 256B.04, is amended by adding a subdivision to read:

Subd. 24. **Medicaid waiver requests and state plan amendments.** Prior to submitting any Medicaid waiver request or Medicaid state plan amendment to the federal government for approval, the commissioner shall publish the text of the waiver request or state plan amendment, or a Web link to the text, in the State Register, and provide a 30-day public comment period. The commissioner shall consider public comments when preparing the final waiver request or state plan amendment that is to be submitted to the federal government for approval. The commissioner shall also publish in the State Register notice of any federal decision related to the state request for approval, within 30 days of the decision. This notice must describe any modifications to the state request that have been agreed to by the commissioner as a condition of receiving federal approval.

Sec. 28. Minnesota Statutes 2012, section 256B.0625, subdivision 30, is amended to read:

Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services, federally qualified health center services, nonprofit community health clinic services, and public health clinic services. Rural health clinic services and federally qualified health center services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and (C). Payment for rural health clinic and federally qualified health center services shall be made according to applicable federal law and regulation.

(b) A federally qualified health center that is beginning initial operation shall submit an estimate of budgeted costs and visits for the initial reporting period in the form and detail required by the commissioner. A federally qualified health center that is already in operation shall submit an initial report using actual costs and visits for the initial reporting period. Within 90 days of the end of its reporting period, a federally qualified health center shall submit, in the form and detail required by the commissioner, a report of its operations, including allowable costs actually incurred for the period and the actual number of visits for services furnished during the period, and other information required by the commissioner. Federally qualified health centers that file Medicare cost reports shall provide the commissioner with a copy of the most recent Medicare cost report filed with the Medicare program intermediary for the reporting year which support the costs claimed on their cost report to the state.

(c) In order to continue cost-based payment under the medical assistance program according to paragraphs (a) and (b), a federally qualified health center or rural health clinic must apply for designation as an essential community provider within six months of final adoption of rules by the Department of Health according to section 62Q.19, subdivision 7. For those federally qualified health centers and rural health clinics that have applied for essential community provider status within the six-month time prescribed, medical assistance payments will continue to be made according to paragraphs (a) and (b) for the first three years after application. For federally qualified health centers and rural health clinics that either do not apply within the time specified above or who have had essential community provider status for three years, medical assistance payments for health services provided by these entities shall be according to the same rates and conditions applicable to the same service provided by health care providers that are not federally qualified health centers or rural health clinics.

(d) Effective July 1, 1999, the provisions of paragraph (c) requiring a federally qualified health center or a rural health clinic to make application for an essential community provider designation in order to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

(e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

(f) Effective January 1, 2001, each federally qualified health center and rural health clinic may elect to be paid either under the prospective payment system established in United States Code, title 42, section 1396a(aa), or under an alternative payment methodology consistent with the requirements of United States Code, title 42, section 1396a(aa), and approved by the Centers for Medicare and Medicaid Services. The alternative payment methodology shall be 100 percent of cost as determined according to Medicare cost principles.

(g) For purposes of this section, "nonprofit community clinic" is a clinic that:

- (1) has nonprofit status as specified in chapter 317A;
- (2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);
- (3) is established to provide health services to low-income population groups, uninsured, high-risk and special needs populations, underserved and other special needs populations;
- (4) employs professional staff at least one-half of which are familiar with the cultural background of their clients;
- (5) charges for services on a sliding fee scale designed to provide assistance to low-income clients based on current poverty income guidelines and family size; and
- (6) does not restrict access or services because of a client's financial limitations or public assistance status and provides no-cost care as needed.

(h) Effective for services provided on and after January 1, 2015, all claims for payment of clinic services provided by federally qualified health centers and rural health clinics shall be submitted to both the commissioner and the managed care or county-based purchasing plan and shall be paid by the commissioner. The commissioner shall provide claims payment information to managed care plans and county-based purchasing plans on a regular basis.

(i) For clinic services provided prior to January 1, 2015, the commissioner shall require managed care and county-based purchasing plans to provide all necessary claims information to the commissioner and the commissioner shall calculate and pay monthly the proposed managed care supplemental payments to clinics, and clinics shall conduct a timely review of the payment calculation data in order to finalize all supplemental payments in accordance with federal law. Any issues arising from a clinic's review must be reported to the commissioner by January 1, 2017. Upon final agreement between the commissioner and a clinic on issues identified under this subdivision, and in accordance with United States Code, title 42, section 1396a(bb), no supplemental payments for managed care claims for services provided prior to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are unable to resolve issues under this subdivision, the parties shall submit the dispute to the arbitration process under section 14.57.

Sec. 29. Minnesota Statutes 2013 Supplement, section 256B.0949, subdivision 11, is amended to read:

Subd. 11. **Federal approval of the autism benefit.** (a) ~~The provisions of subdivision 9 this section shall apply to state plan services under title XIX of the Social Security Act when federal approval is granted under a 1915(i) waiver or other authority which allows children eligible for medical assistance through the TEFRA option under section 256B.055, subdivision 12, to qualify and includes children eligible for medical assistance in families over 150 percent of the federal poverty guidelines.~~

(b) The commissioner may use the federal authority for a Medicaid state plan amendment under Early Periodic Diagnosis Screening and Treatment (EPSDT), United States Code, title 42, section 1396D(R)(5), or other Medicaid provision for any aspect or type of treatment covered in this section if new federal guidance is helpful in achieving one or more of the purposes of this section in a cost-effective manner. Notwithstanding subdivisions 2 and 3, any treatment services submitted for federal approval under EPSDT shall include appropriate medical criteria to qualify for the service and shall cover children through age 20.

Sec. 30. Minnesota Statutes 2012, section 256B.199, is amended to read:

256B.199 PAYMENTS REPORTED BY GOVERNMENTAL ENTITIES.

~~(a) Effective July 1, 2007, The commissioner shall apply for federal matching funds for the expenditures in paragraphs (b) and (c). Effective September 1, 2011, the commissioner shall apply for matching funds for expenditures in paragraph (e):~~

~~(b) The commissioner shall apply for federal matching funds for certified public expenditures as follows:~~

~~(1) Hennepin County, Hennepin County Medical Center, Ramsey County, and Regions Hospital; the University of Minnesota, and Fairview-University Medical Center shall report quarterly to the commissioner beginning June 1, 2007, payments made during the second previous quarter that may qualify for reimbursement under federal law;~~

~~(2) based on these reports, the commissioner shall apply for federal matching funds. These funds are appropriated to the commissioner for the payments under section 256.969, subdivision 27; and~~

~~(3) by May 1 of each year, beginning May 1, 2007, the commissioner shall inform the nonstate entities listed in paragraph (a) of the amount of federal disproportionate share hospital payment money expected to be available in the current federal fiscal year.~~

~~(c) The commissioner shall apply for federal matching funds for general assistance medical care expenditures as follows:~~

~~(1) for hospital services occurring on or after July 1, 2007, general assistance medical care expenditures for fee-for-service inpatient and outpatient hospital payments made by the department shall be used to apply for federal matching funds, except as limited below:~~

~~(i) only those general assistance medical care expenditures made to an individual hospital that would not cause the hospital to exceed its individual hospital limits under section 1923 of the Social Security Act may be considered; and~~

~~(ii) general assistance medical care expenditures may be considered only to the extent of Minnesota's aggregate allotment under section 1923 of the Social Security Act; and~~

~~(2) all hospitals must provide any necessary expenditure, cost, and revenue information required by the commissioner as necessary for purposes of obtaining federal Medicaid matching funds for general assistance medical care expenditures.~~

~~(d)~~ (c) For the period from April 1, 2009, to September 30, 2010, the commissioner shall apply for additional federal matching funds available as disproportionate share hospital payments under the American Recovery and Reinvestment Act of 2009. These funds shall be made available as the state share of payments under section 256.969, subdivision 28. The entities required to report certified public expenditures under paragraph (b), clause (1), shall report additional certified public expenditures as necessary under this paragraph.

~~(e)~~ (d) For services provided on or after September 1, 2011, the commissioner shall apply for additional federal matching funds available as disproportionate share hospital payments under the MinnesotaCare program according to the requirements and conditions of paragraph (c). A hospital may elect on an annual basis to not be a disproportionate share hospital for purposes of this paragraph, if the hospital does not qualify for a payment under section 256.969, subdivision 9, paragraph (b).

Sec. 31. Minnesota Statutes 2013 Supplement, section 256B.69, subdivision 34, is amended to read:

Subd. 34. **Supplemental recovery program.** The commissioner shall conduct a supplemental recovery program for third-party liabilities identified through coordination of benefits not recovered by managed care plans and county-based purchasing plans for state public health programs. Any third-party liability identified through coordination of benefits and recovered by the commissioner more than six eight months after the date a managed care plan or county-based purchasing plan receives adjudicates a health care claim shall be retained by the commissioner and deposited in the general fund. The commissioner shall establish a mechanism, including a reconciliation process, for managed care plans and county-based purchasing plans to coordinate third-party liability collections efforts resulting from coordination of benefits under this subdivision with the commissioner to ensure there is no duplication of efforts. The coordination mechanism must be consistent with the reporting requirements in subdivision 9c. The commissioner shall share accurate and timely third-party liability data with managed care plans and county-based purchasing plans.

Sec. 32. **[256L.30] LOW-INCOME UNINSURED CHILDREN'S HEALTH PROGRAM.**

Subdivision 1. **General.** (a) Effective January 1, 2016, the commissioner shall establish a program that provides coverage to low-income uninsured children who are not eligible for medical assistance or MinnesotaCare.

(b) A child is eligible for the program under this section if the child is under the age of 21, and meets all other MinnesotaCare eligibility requirements under this chapter, except as otherwise specified in this section, and:

(1) has been determined eligible for the emergency medical assistance program under section 256B.06, subdivision 4, paragraph (e) or (f); or

(2) the child's treating health care provider certifies that the child has an emergency medical condition as defined in United States Code, title 42, section 1396b(v), that is likely to lead to the child being admitted to a hospital or emergency department unless intervening outpatient health care treatment is provided.

(c) Eligibility continues under this section for as long as the child continues to have the underlying medical condition that gave rise to the initial emergency medical condition.

(d) Children eligible for the program under this subdivision are exempt from the income eligibility limits under section 256L.04 and section 256L.07, and remain eligible for the program so long as their family income is equal to or less than 275 percent of federal poverty guidelines, and the citizenship requirements under section 256L.04, subdivision 10.

(e) Children who are eligible for medical assistance under chapter 256B, or MinnesotaCare under this chapter, are not eligible for the program under this section.

(f) All application, navigation services, eligibility determination, enrollment, disenrollment, and premium requirements and procedures of the MinnesotaCare program apply to this program, except as otherwise specified in this section.

Subd. 2. **Covered services.** (a) The program covers the services described under section 256L.03, except as otherwise specified in this subdivision.

(b) The program does not cover services for an emergency medical condition that are covered by the emergency medical assistance program under section 256B.06, subdivision 4, paragraphs (e) to (h). The commissioner shall coordinate the program with the federally subsidized emergency medical assistance program with the goal of making transitions between the programs seamless and invisible to the enrollee to the extent possible.

(c) For children who are eligible under subdivision 1, the program covers nursing facility services described under section 144.0724, subdivision 11, and home and community-based services described in paragraph (d), if the child's family income is equal to or less than the medical assistance income eligibility standards described in section 256B.056, subdivision 4, or meets the excess income standards described in section 256B.056, subdivisions 5 and 5c. All requirements of the medical assistance program under chapter 256B relating to these services apply to the program under this section.

(d) For purposes of this section, home and community-based services include:

(1) home and community-based waived services for persons with developmental disabilities, including consumer-directed community supports under section 256B.092;

(2) waived services under community alternatives for disabled individuals, including consumer-directed community supports under section 256B.49;

(3) community alternative care waived services, including consumer-directed community supports under section 256B.49;

(4) brain injury waived services, including consumer-directed community supports under section 256B.49;

(5) home and community-based waived services for the elderly under section 256B.0915;

(6) nursing services and home health services under section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under section 256B.0625, subdivision 7; and

(9) community first services and supports under section 256B.85.

Subd. 3. **Premiums and cost-sharing.** For children who are eligible under subdivision 1, the premium and cost-sharing provisions of the MinnesotaCare program apply.

Subd. 4. **Service delivery.** (a) The commissioner may contract with managed care plans, county-based purchasing plans, provider networks, nonprofit coverage programs, counties, or health care delivery systems established under section 256B.0755 or 256B.0756 to administer the program authorized under this section in order to control the costs of the program through care coordination, limited provider networks, fee discounts, and other methods. The commissioner may delegate to a contractor the responsibility to perform case reviews and authorize payment. The commissioner may contract on a capitated or fixed budget basis under which the contractor shall be responsible for providing the covered services to eligible children within the limits of the capitation or budgeted amount. The commissioner may also contract using gain-sharing and risk-sharing methods authorized for demonstration projects established under sections 256B.0755 and 256B.0756. If the commissioner contracts with a contractor under this subdivision, the commissioner may separate nursing facility services, home and community-based services, and pharmacy services from other covered services and may provide payment for these services under the commissioner's fee-for-service payment system instead of payment to the contracted entity.

(b) If no qualified contractors are available and willing to contract on alternative payment terms in a geographic area of the state, the commissioner shall administer the program as a fee-for-service program in that area, but may establish additional utilization review and care management programs and requirements in order to control the costs of the program.

(c) The commissioner shall ensure that an eligible child is provided the opportunity to receive covered services from any essential community provider, as defined in section 62Q.19, and that the terms of participation of the essential community provider are in conformance with the requirements of section 62Q.19.

Sec. 33. Laws 2013, chapter 108, article 1, section 24, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2014.

Sec. 34. **FEDERAL AUTHORITY; EMERGENCY MEDICAL ASSISTANCE PROGRAM.**

The commissioner shall seek federal authority to make changes to the emergency medical assistance program established under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (e) to (h), to allow coverage and payment for cost-effective community-based and outpatient services as an alternative to hospital inpatient and emergency department services in order to reduce the total cost of care.

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

Sec. 35. **ORAL HEALTH DELIVERY AND REIMBURSEMENT SYSTEM.**

(a) The commissioner of human services, in consultation with the commissioner of health, shall convene a work group to develop a new delivery and reimbursement system for oral health and dental services that are provided to enrollees of the state public health care programs. The new system must ensure cost-effective delivery and an increase in access to services.

(b) The commissioner shall consult with dental providers enrolled in the state public health programs, including providers who serve substantial numbers of low-income and uninsured patients and are currently receiving critical access dental payments; private practicing dentists; nonprofit community clinics; managed care and county-based purchasing plans; and health plan companies that provide either directly or through contracts with providers dental services to enrollees of state public health care programs.

(c) The commissioner shall submit a report containing the proposed delivery and reimbursement system, including draft legislation to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services policy and finance by January 15, 2015.

Sec. 36. **REPEALER.**

Minnesota Statutes 2012, sections 256.969, subdivisions 2c, 8b, 9a, 9b, 11, 13, 20, 21, 22, 26, 27, and 28; and 256.9695, subdivisions 3 and 4, are repealed effective October 1, 2014.

ARTICLE 20

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2012, section 144.1501, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Dentist" means an individual who is licensed to practice dentistry.

(c) "Designated rural area" means ~~an area defined as a small rural area or isolated rural area according to the four category classifications of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration~~ a city or township that is:

(1) outside the seven-county metropolitan area as defined in section 473.121, subdivision 2; and

(2) has a population under 15,000.

(d) "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment, including death, total and permanent disability, or temporary disability lasting more than two years.

(e) "Medical resident" means an individual participating in a medical residency in family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(f) "Midlevel practitioner" means a nurse practitioner, nurse-midwife, nurse anesthetist, advanced clinical nurse specialist, or physician assistant.

(g) "Nurse" means an individual who has completed training and received all licensing or certification necessary to perform duties as a licensed practical nurse or registered nurse.

(h) "Nurse-midwife" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives.

(i) "Nurse practitioner" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse practitioners.

(j) "Pharmacist" means an individual with a valid license issued under chapter 151.

(k) "Physician" means an individual who is licensed to practice medicine in the areas of family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(l) "Physician assistant" means a person licensed under chapter 147A.

(m) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

(n) "Underserved urban community" means a Minnesota urban area or population included in the list of designated primary medical care health professional shortage areas (HPSAs), medically underserved areas (MUAs), or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Sec. 2. Minnesota Statutes 2012, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in

the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds used for rehabilitation services in an existing hospital in Carver County serving the southwest suburban metropolitan area. Beds constructed under this clause shall not be eligible for reimbursement under medical assistance, general assistance medical care, or MinnesotaCare;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in

the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;

(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services;

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility; or

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause; or

(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete.

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

Sec. 3. [144.9513] HEALTHY HOUSING GRANTS.

Subdivision 1. Definitions. For purposes of this section and sections 144.9501 to 144.9512, the following terms have the meanings given.

(a) "Housing" means a room or group of rooms located within a dwelling forming a single habitable unit with facilities used or intended to be used for living, sleeping, cooking, and eating.

(b) "Healthy housing" means housing that is sited, designed, built, renovated, and maintained in ways that supports the health of residents.

(c) "Housing-based health threat" means a chemical, biologic, or physical agent in the immediate housing environment which constitutes a potential or actual hazard to human health at acute or chronic exposure levels.

(d) "Primary prevention" means preventing exposure to housing-based health threats before seeing clinical symptoms or a diagnosis.

(e) "Secondary prevention" means intervention to mitigate health effects on people with housing-based health threats.

Subd. 2. Grants; administration. Grant applicants shall submit applications to the commissioner as directed by a request for proposals. Grants must be competitively awarded and recipients of a grant under this section must prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant. The commissioner shall provide technical assistance and program support as needed to ensure that housing-based health threats are effectively identified, mitigated, and evaluated by grantees.

Subd. 3. **Education and training grant; eligible activities.** (a) Within the limits of available appropriations, the commissioner shall make grants to nonprofit organizations, community health boards, and community action agencies under section 256E.31 with expertise in providing outreach, education, and training on healthy homes subjects and in providing comprehensive healthy homes assessments and interventions to provide healthy housing education, training, and technical assistance services for persons engaged in addressing housing-based health threats and other individuals impacted by housing-based health threats.

(b) The grantee may conduct the following activities:

(1) implement and maintain primary prevention programs to reduce housing-based health threats that include the following:

(i) providing education materials to the general public and to property owners, contractors, code officials, health care providers, public health professionals, health educators, nonprofit organizations, and other persons and organizations engaged in housing and health issues;

(ii) promoting awareness of community, legal, and housing resources; and

(iii) promoting the use of hazard reduction measures in new housing construction and housing rehabilitation programs;

(2) provide training on identifying and addressing housing-based health threats;

(3) provide technical assistance on the implementation of mitigation measures;

(4) promote adoption of evidence-based best practices for mitigation of housing-based health threats; or

(5) develop work practices for addressing specific housing-based health threats.

Subd. 4. **Healthy homes implementation grant; eligible activities.** Within the limits of available appropriations, the commissioner shall make grants to nonprofit organizations, community health boards, and community action agencies under section 256E.31 to support implementation of healthy housing programs in local jurisdictions for any of the following activities:

(1) identify, characterize, and mitigate hazards in housing that contribute to adverse health outcomes;

(2) ensure screening services and other secondary prevention measures are provided to populations at high risk for housing-based health threats;

(3) promote compliance with Department of Health guidelines and other best practices, as identified by the commissioner, for preventing or reducing housing-based health threats;

(4) establish local or regional collaborative groups to ensure that resources for addressing housing-based health threats are coordinated; or

(5) develop model programs for addressing housing-based health threats.

Sec. 4. [144A.484] INTEGRATED LICENSURE; HOME AND COMMUNITY-BASED SERVICES DESIGNATION.

Subdivision 1. Integrated licensing established. (a) From January 1, 2014, to June 30, 2015, the commissioner of health shall enforce the home and community-based services standards under chapter 245D for those providers who also have a home care license pursuant to this chapter as required under Laws 2013, chapter 108, article 8, section 60, and article 11, section 31. During this period, the commissioner shall provide technical assistance to achieve and maintain compliance with applicable law or rules governing the provision of home and community-based services, including complying with the service recipient rights notice in subdivision 4, clause (4). If during the survey, the commissioner finds that the licensee has failed to achieve compliance with an applicable law or rule under chapter 245D and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing survey report with recommendations for achieving and maintaining compliance.

(b) Beginning July 1, 2015, a home care provider applicant or license holder may apply to the commissioner of health for a home and community-based services designation for the provision of basic support services identified under section 245D.03, subdivision 1, paragraph (b). The designation allows the license holder to provide basic support services that would otherwise require licensure under chapter 245D, under the license holder's home care license governed by sections 144A.43 to 144A.481.

Subd. 2. Application for home and community-based services designation. An application for a home and community-based services designation must be made on the forms and in the manner prescribed by the commissioner. The commissioner shall provide the applicant with instruction for completing the application and provide information about the requirements of other state agencies that affect the applicant. Application for the home and community-based services designation is subject to the requirements under section 144A.473.

Subd. 3. Home and community-based services designation fees. A home care provider applicant or licensee applying for the home and community-based services designation or renewal of a home and community-based services designation must submit a fee in the amount specified in subdivision 8.

Subd. 4. Applicability of home and community-based services requirements. A home care provider with a home and community-based services designation must comply with the requirements for home care services governed by this chapter. For the provision of basic support services, the home care provider must also comply with the following home and community-based services licensing requirements:

- (1) service planning and delivery requirements in section 245D.07;
- (2) protection standards in section 245D.06;
- (3) emergency use of manual restraints in section 245D.061; and
- (4) protection-related rights in section 245D.04, subdivision 3, paragraph (a), clauses (5), (7), (8), (12), and (13), and paragraph (b).

A home care provider with the integrated license-home and community-based services designation may utilize a bill of rights which incorporates the service recipient rights in section 245D.04,

subdivision 3, paragraph (a), clauses (5), (7), (8), (12), and (13), and paragraph (b) with the home care bill of rights in section 144A.44.

Subd. 5. **Monitoring and enforcement.** (a) The commissioner shall monitor for compliance with the home and community-based services requirements identified in subdivision 4, in accordance with this section and any agreements by the commissioners of health and human services.

(b) The commissioner shall enforce compliance with applicable home and community-based services licensing requirements as follows:

(1) the commissioner may deny a home and community-based services designation in accordance with section 144A.473 or 144A.475; and

(2) if the commissioner finds that the applicant or license holder has failed to comply with the applicable home and community-based services designation requirements, the commissioner may issue:

(i) a correction order in accordance with section 144A.474;

(ii) an order of conditional license in accordance with section 144A.475;

(iii) a sanction in accordance with section 144A.475; or

(iv) any combination of clauses (i) to (iii).

Subd. 6. **Appeals.** A home care provider applicant that has been denied a temporary license will also be denied their application for the home and community-based services designation. The applicant may request reconsideration in accordance with section 144A.473, subdivision 3. A licensed home care provider whose application for a home and community-based services designation has been denied or whose designation has been suspended or revoked may appeal the denial, suspension, revocation, or refusal to renew a home and community-based services designation in accordance with section 144A.475. A license holder may request reconsideration of a correction order in accordance with section 144A.474, subdivision 12.

Subd. 7. **Agreements.** The commissioners of health and human services shall enter into any agreements necessary to implement this section.

Subd. 8. **Fees; home and community-based services designation.** (a) The initial fee for a home and community-based services designation is \$155. A home care provider renewing the home and community-based services designation must pay an annual nonrefundable fee, in addition to the annual home care license fee, according to the following schedule and based on revenues from the home and community-based services that require licensure under chapter 245D during the calendar year immediately preceding the year in which the license fee is paid:

<u>Provider Annual Revenue from HCBS</u>	<u>HCBS Designation</u>
<u>greater than \$1,500,000</u>	<u>\$320</u>
<u>greater than \$1,275,000 and no more than \$1,500,000</u>	<u>\$300</u>
<u>greater than \$1,100,000 and no more than \$1,275,000</u>	<u>\$280</u>

<u>greater than \$950,000 and no more than \$1,100,000</u>	<u>\$260</u>
<u>greater than \$850,000 and no more than \$950,000</u>	<u>\$240</u>
<u>greater than \$750,000 and no more than \$850,000</u>	<u>\$220</u>
<u>greater than \$650,000 and no more than \$750,000</u>	<u>\$200</u>
<u>greater than \$550,000 and no more than \$650,000</u>	<u>\$180</u>
<u>greater than \$450,000 and no more than \$550,000</u>	<u>\$160</u>
<u>greater than \$350,000 and no more than \$450,000</u>	<u>\$140</u>
<u>greater than \$250,000 and no more than \$350,000</u>	<u>\$120</u>
<u>greater than \$100,000 and no more than \$250,000</u>	<u>\$100</u>
<u>greater than \$50,000 and no more than \$100,000</u>	<u>\$80</u>
<u>greater than \$25,000 and no more than \$50,000</u>	<u>\$60</u>
<u>no more than \$25,000</u>	<u>\$40</u>

(b) Fees and penalties collected under this section shall be deposited in the state treasury and credited to the state government special revenue fund.

EFFECTIVE DATE. Minnesota Statutes, section 144A.484, subdivisions 2 to 8, are effective July 1, 2015.

Sec. 5. Minnesota Statutes 2013 Supplement, section 145.4716, subdivision 2, is amended to read:

Subd. 2. **Duties of director.** The director of child sex trafficking prevention is responsible for the following:

(1) developing and providing comprehensive training on sexual exploitation of youth for social service professionals, medical professionals, public health workers, and criminal justice professionals;

(2) collecting, organizing, maintaining, and disseminating information on sexual exploitation and services across the state, including maintaining a list of resources on the Department of Health Web site;

(3) monitoring and applying for federal funding for antitrafficking efforts that may benefit victims in the state;

(4) managing grant programs established under sections 145.4716 to 145.4718;

(5) managing the request for proposals for grants for comprehensive services, including trauma-informed, culturally specific services;

(6) identifying best practices in serving sexually exploited youth, as defined in section 260C.007, subdivision 31;

~~(6)~~ (7) providing oversight of and technical support to regional navigators pursuant to section 145.4717;

~~(7)~~ (8) conducting a comprehensive evaluation of the statewide program for safe harbor of sexually exploited youth; and

~~(8)~~ (9) developing a policy consistent with the requirements of chapter 13 for sharing data related to sexually exploited youth, as defined in section 260C.007, subdivision 31, among regional navigators and community-based advocates.

Sec. 6. Minnesota Statutes 2013 Supplement, section 256B.04, subdivision 21, is amended to read:

Subd. 21. **Provider enrollment.** (a) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.

(b) An enrolled provider that is also licensed by the commissioner under chapter 245A, or is also licensed as a home-care provider by the Department of Health under chapter 144A and has a home and community-based services designation on the home care license under section 144A.484, must designate an individual as the entity's compliance officer. The compliance officer must:

(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;

(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);

(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;

(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;

(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and

(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.

The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.

(c) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.

(d) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state.

(e) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.

(f) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.

(g)(1) Upon initial enrollment, reenrollment, and revalidation, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) suppliers operating in Minnesota and receiving Medicaid funds must purchase a surety bond that is annually renewed and designates the Minnesota Department of Human Services as the obligee, and must be submitted in a form approved by the commissioner.

(2) At the time of initial enrollment or reenrollment, the provider agency must purchase a performance bond of \$50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is up to and including \$300,000, the provider agency must purchase a performance bond of \$50,000. If a revalidating provider's Medicaid revenue in the previous calendar year is over \$300,000, the provider agency must purchase a performance bond of \$100,000. The performance bond must allow for recovery of costs and fees in pursuing a claim on the bond.

(h) The Department of Human Services may require a provider to purchase a performance surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (a) and as per Code of Federal Regulations, title 42, section 455.450. The performance bond must be in an amount of \$100,000 or ten percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The performance bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond.

Sec. 7. HEALTH CARE GRANTS FOR THE UNINSURED.

Subdivision 1. Dental providers. (a) A dental provider is eligible for a grant under this section if the provider is:

(1) a nonprofit organization not affiliated with a hospital or medical group that offers free or reduced-cost oral health care to low-income patients with incomes below 200 percent of the federal poverty guideline who do not have insurance coverage for oral health care services;

(2) eligible for critical access dental provider payments under Minnesota Statutes, section 256B.76, subdivision 4; and

(3) more than 80 percent of dental provider's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare.

(b) Grants shall be distributed by the commissioner of health to each eligible provider based on the proportion of that provider's number of low-income uninsured patients served in the reporting year to the total number of low-income uninsured patients served by all eligible providers, except that no single eligible provider shall receive less than two percent or more than 30 percent of the total appropriation provided under this subdivision. If the number of eligible providers is such that the minimum of two percent cannot be provided to each eligible provider, the commissioner shall limit eligibility for the subsidy to the top 20 eligible oral health providers.

Subd. 2. Community mental health programs. A community mental health program is eligible for a grant under this section if it is a community mental health center established under Minnesota Statutes, section 245.62, or a nonprofit community mental health clinic that is designated as an essential community provider under Minnesota Statutes, section 62Q.19, and the center or clinic offers free or reduced-cost mental health care to low-income patients with incomes below 200 percent of the federal poverty guideline who do not have health insurance coverage. The grants shall be distributed by the commissioner of health to each eligible mental health center or clinic based on the proportion of that mental health center's or clinic's number of low-income uninsured patients served in the reporting year to the total number of low-income uninsured patients served by all mental health centers and clinics eligible for a grant under this subdivision, except that no single eligible provider shall receive less than two percent or more than 30 percent of the total appropriation provided under this subdivision.

Subd. 3. Emergency medical assistance outlier grant program. (a) The commissioner of health shall establish a grant program for hospitals for the purposes of defraying underpayments associated with the emergency medical assistance program. Grants shall be made for the services provided between July 1, 2014, and June 30, 2015, to an individual who is enrolled in emergency medical assistance, and when emergency medical assistance reimbursement is in excess of \$50,000.

(b) Hospitals seeking a grant from this program must submit an application that includes the number and dollar amount of hospital claims for emergency medical assistance in excess of \$150,000 to the commissioner in a form prescribed by the commissioner. Grant payments shall be in proportion to the total hospital emergency medical assistance claims submitted by all applicant hospitals. Claims for inpatient hospital, outpatient services, and hospital emergency department services shall be considered when determining the value of the grants.

Subd. 4. Grant process. The commissioner of health may use data submitted by organizations seeking a grant under this section, without further verification, for purposes of determining eligibility for a grant and allocating grant money among eligible organizations. The chief executive or chief financial officer must certify that the data submitted is accurate and that no changes were made in the organization's accounting and record-keeping practices or policies for providing free or reduced cost care to uninsured patients for the purpose of creating eligibility or increasing the organization's

allocation. The commissioner may audit or verify the data submitted. Grant funds must be used to defray the organization's costs of providing care and services to uninsured patients with incomes below 200 percent of the federal poverty guidelines. An organization must not receive more than one grant under subdivisions 1, 2, or 3, even though the organization is potentially eligible for a grant under two or more subdivisions. Organizations eligible for a grant under this section may join together to submit a combined application provided the data submitted is certified by each individual organization.

Sec. 8. QUALITY TRANSPARENCY.

(a) The commissioner of health shall develop an implementation plan for stratifying measures based on disability, race, ethnicity, language, and other sociodemographic factors that are correlated with health disparities and impact performance on quality measures. The plan must be designed so that quality measures can be stratified beginning January 1, 2017, in order to advance work aimed at identifying and eliminating health disparities. By January 15, 2015, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction on health and human services and finance with the plan, including an estimated budget, timeline, and processes to be used for implementation.

(b) The commissioner of health shall assess the risk adjustment methodology established under Minnesota Statutes, section 62U.02, subdivision 3, for the potential for harm and unintended consequences for patient populations who experience health disparities, and the providers who serve them, and identify changes that may be needed to alleviate harm and unintended consequences. By January 15, 2016, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction on health and human services and finance with the result of the assessment of the risk-adjustment methodology and any recommended changes.

(c) The commissioner shall develop the plan described in paragraph (a), in consultation with consumer, community and advocacy organizations representing diverse communities; health plan companies; providers; quality measurement organizations; and safety net providers that primarily serve communities and patient populations with health disparities. The commissioner shall use culturally appropriate methods of consultation and engagement with consumer and advocacy organizations led by and representing diverse communities by race, ethnicity, language, and sociodemographic factors.

Sec. 9. STUDY AND REPORT ABOUT CLIENT BILLS OF RIGHTS.

The commissioner of health shall consult with Aging Services of Minnesota, Care Providers of Minnesota, Minnesota Home Care Association, the commissioner of human services, the Office of the Ombudsman for Long-Term Care, and other stakeholders to evaluate and determine how to streamline the requirements related to the clients' rights in Minnesota Statutes, sections 144A.44, 144A.441, and 245D.04, for applicable providers, while assuring and maintaining the health and safety of clients. The evaluation must consider the federal client bill of rights requirements for Medicare-certified home care providers. The evaluation must determine if there are duplications or conflicts of client rights, evaluate how to reduce the complexity of the requirements related to clients' rights for providers and consumers, determine which rights must be included in a consolidated client bill of rights document, and develop options to inform consumers of their rights. The commissioner shall report to the chairs and ranking minority members of the health and human services committees

of the legislature no later than February 15, 2015, and include any recommendations for legislative changes.

ARTICLE 21

PUBLIC ASSISTANCE SIMPLIFICATION

Section 1. Minnesota Statutes 2012, section 254B.04, subdivision 3, is amended to read:

Subd. 3. **Amount of contribution.** The commissioner shall adopt a sliding fee scale to determine the amount of contribution to be required from persons under this section. The commissioner may adopt rules to amend existing fee scales. The commissioner may establish a separate fee scale for recipients of chemical dependency transitional and extended care rehabilitation services that provides for the collection of fees for board and lodging expenses. The fee schedule shall ensure that employed persons are allowed the income disregards and savings accounts that are allowed residents of community mental illness facilities under section 256D.06, ~~subdivisions~~ subdivision 1 and 1b. The fee scale must not provide assistance to persons whose income is more than 115 percent of the state median income. Payments of liabilities under this section are medical expenses for purposes of determining spenddown under sections 256B.055, 256B.056, 256B.06, and 256D.01 to 256D.21. The required amount of contribution established by the fee scale in this subdivision is also the cost of care responsibility subject to collection under section 254B.06, subdivision 1.

EFFECTIVE DATE. This section is effective October 1, 2015.

Sec. 2. Minnesota Statutes 2012, section 256D.02, subdivision 8, is amended to read:

Subd. 8. **Income.** "Income" means any form of income, including remuneration for services performed as an employee and ~~net earnings~~ earned income from rental income and self-employment earnings, reduced by the amount attributable to employment expenses as defined by the commissioner. The amount attributable to employment expenses shall include amounts paid or withheld for federal and state personal income taxes and federal Social Security taxes as described under section 256P.05.

Income includes any payments received as an annuity, retirement, or disability benefit, including veteran's or workers' compensation; old age, survivors, and disability insurance; railroad retirement benefits; unemployment benefits; and benefits under any federally aided categorical assistance program, supplementary security income, or other assistance program; rents, dividends, interest and royalties; and support and maintenance payments. Such payments may not be considered as available to meet the needs of any person other than the person for whose benefit they are received, unless that person is a family member or a spouse and the income is not excluded under section 256D.01, subdivision 1a. Goods and services provided in lieu of cash payment shall be excluded from the definition of income, except that payments made for room, board, tuition or fees by a parent, on behalf of a child enrolled as a full-time student in a postsecondary institution, and payments made on behalf of an applicant or ~~recipient~~ participant which the applicant or ~~recipient~~ participant could legally demand to receive personally in cash, must be included as income. Benefits of an applicant or ~~recipient~~ participant, such as those administered by the Social Security Administration, that are paid to a representative payee, and are spent on behalf of the applicant or ~~recipient~~ participant, are considered available income of the applicant or ~~recipient~~ participant.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 3. Minnesota Statutes 2012, section 256D.02, subdivision 12, is amended to read:

Subd. 12. **County Agency.** "County agency" means the agency designated by the county board of commissioners, human services boards, local social services agencies in the several counties of the state or multicounty local social services agencies or departments where those have been established in accordance with law. "Agency" has the meaning given in section 256P.01, subdivision 2.

Sec. 4. Minnesota Statutes 2012, section 256D.05, subdivision 5, is amended to read:

Subd. 5. **Transfers of property.** The equity value of real and personal property transferred without reasonable compensation within 12 months preceding the date of application for general assistance must be included in determining the resources of an assistance unit in the same manner as in the Minnesota family investment program under chapter 256J as described in section 256P.02, subdivision 1, paragraph (c).

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 5. Minnesota Statutes 2012, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; amount of assistance.** General assistance shall be granted in an amount that when added to the nonexempt income actually available to the assistance unit, the total amount equals the applicable standard of assistance for general assistance. In determining eligibility for and the amount of assistance for an individual or married couple, the county agency shall apply the earned income disregard the first \$50 of earned income per month as determined in section 256P.03.

EFFECTIVE DATE. This section is effective October 1, 2015.

Sec. 6. Minnesota Statutes 2012, section 256D.08, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; excluded resources.** In determining eligibility of an assistance unit, the following resources shall be excluded:

(1) real or personal property or liquid assets which do not exceed \$1,000; and

(2) other property which has been determined, according to limitations contained in rules promulgated by the commissioner, to be essential to the assistance unit as a means of self-support or self-care or which is producing income that is being used for the support of the assistance unit. The commissioner shall further provide by rule the conditions for those situations in which property not excluded under this subdivision may be retained by the assistance unit where there is a reasonable probability that in the foreseeable future the property will be used for the self-support of the assistance unit; and

(3) payments, made according to litigation and subsequent appropriation by the United States Congress, of funds to compensate members of Indian tribes for the taking of tribal land by the federal government. To establish eligibility for general assistance under this chapter, an agency must use the procedures established in section 256P.02.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 7. Minnesota Statutes 2012, section 256D.08, is amended by adding a subdivision to read:

Subd. 3. **Verification.** To verify eligibility for general assistance under this chapter, an agency must use the procedures established in section 256P.04.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 8. Minnesota Statutes 2012, section 256D.10, is amended to read:

256D.10 ADMINISTRATIVE HEARING PRIOR TO ADVERSE ACTION.

No grant of general assistance except one made pursuant to section 256D.06, subdivision 2; ~~or 256D.08, subdivision 2~~, shall be reduced, terminated, or suspended unless the recipient receives notice and is afforded an opportunity to be heard prior to any action by the county agency.

Nothing herein shall deprive a recipient of the right to full administrative and judicial review of an order or determination of a county agency as provided for in section 256.045 subsequent to any action taken by a county agency after a prior hearing.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 9. Minnesota Statutes 2012, section 256D.405, subdivision 1, is amended to read:

Subdivision 1. **Verification of information.** ~~The county agency shall request, and applicants and recipients shall provide and verify, all information necessary to determine initial and continuing eligibility and assistance payment amounts. If necessary, the county agency shall assist the applicant or recipient in obtaining verifications. If the applicant or recipient refuses or fails without good cause to provide the information or verification, the county agency shall deny or terminate assistance.~~ An agency must apply section 256P.04 when documenting, verifying, and recertifying eligibility under this chapter. An agency must only require verification of information necessary to determine eligibility under this chapter and the amount of the assistance payment.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 10. Minnesota Statutes 2012, section 256D.405, subdivision 3, is amended to read:

Subd. 3. **Reports.** ~~Recipients~~ Participants must report changes in circumstances that affect eligibility or assistance payment amounts within ten days of the change. ~~Recipients~~ Participants who do not receive SSI because of excess income must complete a monthly report form if they have earned income, if they have income deemed to them from a financially responsible relative with whom the ~~recipient~~ participant resides, or if they have income deemed to them by a sponsor. If the report form is not received before the end of the month in which it is due, the county agency must terminate assistance. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month the assistance was terminated, the assistance unit is considered to have continued its application for assistance, effective the first day of the month the assistance was terminated.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 11. Minnesota Statutes 2012, section 256D.425, subdivision 2, is amended to read:

Subd. 2. **Resource standards.** (a) For persons receiving supplemental security income benefits, the resource standards and restrictions for supplemental aid under this section shall be those used to determine eligibility for disabled individuals in the supplemental security income program.

(b) For persons not receiving supplemental security income benefits due to excess income or resources, but whose income and resources are within the limits of the Minnesota supplemental aid program, the resource standards shall be those in section 256P.02.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 12. Minnesota Statutes 2012, section 256I.03, is amended by adding a subdivision to read:

Subd. 1a. **Agency.** "Agency" has the meaning given in section 256P.01, subdivision 2.

Sec. 13. Minnesota Statutes 2012, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. **Individual eligibility requirements.** An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the county agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in paragraph (a) or (b).

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of ~~the supplemental security income program~~ section 256P.02, and the individual's countable income after deducting the (1) exclusions and disregards of the SSI program, (2) the medical assistance personal needs allowance under section 256B.35, and (3) an amount equal to the income actually made available to a community spouse by an elderly waiver ~~recipient~~ participant under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058, subdivision 2, is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

(b) The individual meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), and the individual's resources are less than the standards specified by section ~~256D.08~~ 256P.02, and the individual's countable income as determined under sections 256D.01 to 256D.21, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 14. Minnesota Statutes 2012, section 256J.08, is amended by adding a subdivision to read:

Subd. 2a. **Agency.** "Agency" has the meaning given in section 256P.01, subdivision 2.

Sec. 15. Minnesota Statutes 2012, section 256J.08, subdivision 47, is amended to read:

Subd. 47. **Income.** "Income" means cash or in-kind benefit, whether earned or unearned, received by or available to an applicant or participant that is not ~~an asset~~ property under section ~~256J.20~~ 256P.02.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 16. Minnesota Statutes 2012, section 256J.08, subdivision 57, is amended to read:

Subd. 57. **Minnesota family investment program or MFIP.** "Minnesota family investment program" or "MFIP" means the assistance program authorized in this chapter ~~and chapter 256K~~.

Sec. 17. Minnesota Statutes 2012, section 256J.08, subdivision 83, is amended to read:

Subd. 83. **Significant change.** "Significant change" means a decline in gross income of the amount of the disregard as defined in ~~subdivision 24~~ section 256P.03 or more from the income used to determine the grant for the current month.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 18. Minnesota Statutes 2012, section 256J.10, is amended to read:

256J.10 MFIP ELIGIBILITY REQUIREMENTS.

To be eligible for MFIP, applicants must meet the general eligibility requirements in sections 256J.11 to 256J.15, the property limitations in section ~~256J.20~~ 256P.02, and the income limitations in section 256J.21.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 19. Minnesota Statutes 2013 Supplement, section 256J.21, subdivision 3, is amended to read:

Subd. 3. **Initial income test.** The county agency shall determine initial eligibility by considering all earned and unearned income that is not excluded under subdivision 2. To be eligible for MFIP, the assistance unit's countable income minus the earned income disregards in ~~paragraphs~~ paragraph (a) and ~~(b)~~ section 256P.03 must be below the family wage level according to section 256J.24 for that size assistance unit.

(a) The initial eligibility determination must disregard the following items:

(1) the employment earned income disregard is ~~18 percent of the gross earned income whether or not the member is working full time or part time~~ as determined in section 256P.03;

(2) dependent care costs must be deducted from gross earned income for the actual amount paid for dependent care up to a maximum of \$200 per month for each child less than two years of age, and \$175 per month for each child two years of age and older ~~under this chapter and chapter 119B~~;

(3) all payments made according to a court order for spousal support or the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, ~~provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order~~; and

(4) an allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver according to section 256J.36.

(b) ~~Notwithstanding paragraph (a), when determining initial eligibility for applicant units when at least one member has received MFIP in this state within four months of the most recent application for MFIP, apply the disregard as defined in section 256J.08, subdivision 24, for all unit members.~~

After initial eligibility is established, the assistance payment calculation is based on the monthly income test.

EFFECTIVE DATE. This section is effective October 1, 2015.

Sec. 20. Minnesota Statutes 2012, section 256J.21, subdivision 4, is amended to read:

Subd. 4. **Monthly income test and determination of assistance payment.** The county agency shall determine ongoing eligibility and the assistance payment amount according to the monthly

income test. To be eligible for MFIP, the result of the computations in paragraphs (a) to (e) must be at least \$1.

(a) Apply an income disregard as defined in section ~~256J.08, subdivision 24~~ 256P.03, to gross earnings and subtract this amount from the family wage level. If the difference is equal to or greater than the MFIP ~~transitional standard of need~~, the assistance payment is equal to the MFIP transitional standard of need. If the difference is less than the MFIP transitional standard of need, the assistance payment is equal to the difference. The employment earned income disregard in this paragraph must be deducted every month there is earned income.

(b) All payments made according to a court order for spousal support or the support of children not living in the assistance unit's household must be disregarded from the income of the person with the legal obligation to pay support, ~~provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the court order.~~

(c) An allocation for the unmet need of an ineligible spouse or an ineligible child under the age of 21 for whom the caregiver is financially responsible and who lives with the caregiver must be made according to section 256J.36.

(d) Subtract unearned income dollar for dollar from the MFIP transitional standard of need to determine the assistance payment amount.

(e) When income is both earned and unearned, the amount of the assistance payment must be determined by first treating gross earned income as specified in paragraph (a). After determining the amount of the assistance payment under paragraph (a), unearned income must be subtracted from that amount dollar for dollar to determine the assistance payment amount.

(f) When the monthly income is greater than the MFIP transitional standard of need after deductions and the income will only exceed the standard for one month, the county agency must suspend the assistance payment for the payment month.

EFFECTIVE DATE. This section is effective October 1, 2015.

Sec. 21. Minnesota Statutes 2012, section 256J.30, subdivision 4, is amended to read:

Subd. 4. **Participant's completion of recertification of eligibility form.** A participant must complete forms prescribed by the commissioner which are required for recertification of eligibility according to section ~~256J.32, subdivision 6~~ 256P.04, subdivisions 8 and 9.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 22. Minnesota Statutes 2013 Supplement, section 256J.30, subdivision 9, is amended to read:

Subd. 9. **Changes that must be reported.** A caregiver must report the changes or anticipated changes specified in clauses (1) to ~~(16)~~ (15) within ten days of the date they occur, at the time of the periodic recertification of eligibility under section ~~256J.32, subdivision 6~~ 256P.04, subdivisions 8 and 9, or within eight calendar days of a reporting period as in subdivision 5, whichever occurs first. A caregiver must report other changes at the time of the periodic recertification of eligibility under section ~~256J.32, subdivision 6~~ 256P.04, subdivisions 8 and 9, or at the end of a reporting

period under subdivision 5, as applicable. A caregiver must make these reports in writing to the ~~county~~ agency. When ~~a county~~ an agency could have reduced or terminated assistance for one or more payment months if a delay in reporting a change specified under clauses (1) to ~~(15)~~ (14) had not occurred, the ~~county~~ agency must determine whether a timely notice under section 256J.31, subdivision 4, could have been issued on the day that the change occurred. When a timely notice could have been issued, each month's overpayment subsequent to that notice must be considered a client error overpayment under section 256J.38. Calculation of overpayments for late reporting under clause ~~(16)~~ (15) is specified in section 256J.09, subdivision 9. Changes in circumstances which must be reported within ten days must also be reported on the MFIP household report form for the reporting period in which those changes occurred. Within ten days, a caregiver must report:

- (1) a change in initial employment;
- (2) a change in initial receipt of unearned income;
- (3) a recurring change in unearned income;
- (4) a nonrecurring change of unearned income that exceeds \$30;
- (5) the receipt of a lump sum;
- (6) an increase in assets that may cause the assistance unit to exceed asset limits;
- (7) a change in the physical or mental status of an incapacitated member of the assistance unit if the physical or mental status is the basis for reducing the hourly participation requirements under section 256J.55, subdivision 1, or the type of activities included in an employment plan under section 256J.521, subdivision 2;
- (8) a change in employment status;
- ~~(9) information affecting an exception under section 256J.24, subdivision 9;~~
- ~~(10)~~ (9) the marriage or divorce of an assistance unit member;
- ~~(11)~~ (10) the death of a parent, minor child, or financially responsible person;
- ~~(12)~~ (11) a change in address or living quarters of the assistance unit;
- ~~(13)~~ (12) the sale, purchase, or other transfer of property;
- ~~(14)~~ (13) a change in school attendance of a caregiver under age 20 or an employed child;
- ~~(15)~~ (14) filing a lawsuit, a workers' compensation claim, or a monetary claim against a third party; and
- ~~(16)~~ (15) a change in household composition, including births, returns to and departures from the home of assistance unit members and financially responsible persons, or a change in the custody of a minor child.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 23. Minnesota Statutes 2012, section 256J.32, subdivision 1, is amended to read:

Subdivision 1. **Verification of information.** A county An agency must apply section 256P.04 when documenting, verifying, and recertifying MFIP eligibility. An agency must only require

verification of information necessary to determine MFIP eligibility and the amount of the assistance payment.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 24. Minnesota Statutes 2012, section 256J.33, subdivision 2, is amended to read:

Subd. 2. **Prospective eligibility.** ~~A county~~ An agency must determine whether the eligibility requirements that pertain to an assistance unit, including those in sections 256J.11 to 256J.15 and ~~256J.20~~ 256P.02, will be met prospectively for the payment month. Except for the provisions in section 256J.34, subdivision 1, the income test will be applied retrospectively.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 25. Minnesota Statutes 2012, section 256J.37, as amended by Laws 2013, chapter 107, article 4, section 15, is amended to read:

256J.37 TREATMENT OF INCOME AND LUMP SUMS.

Subdivision 1. **Deemed income from ineligible household assistance unit members.** ~~Unless otherwise provided under subdivision 1a or 1b,~~ The income of ineligible household assistance unit members must be deemed after allowing the following disregards:

(1) ~~the first 18 percent of the ineligible family member's gross~~ an earned income disregard as determined under section 256P.03;

(2) ~~amounts the ineligible person actually paid to individuals not living in the same household but whom the ineligible person claims or could claim as dependents for determining federal personal income tax liability;~~

(3) ~~(2) all payments made by the ineligible person according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the ineligible person since the support order was entered, the ineligible person has petitioned for a modification of the support order; and~~

(4) ~~(3) an amount for the unmet needs of the ineligible person and other persons who live in the household but are not included in the assistance unit and are or could be claimed by an ineligible person as dependents for determining federal personal income tax liability who, if eligible, would be assistance unit members under section 256J.24, subdivision 2 or 4, paragraph (b). This amount is equal to the difference between the MFIP transitional standard of need when the ineligible person is persons are included in the assistance unit and the MFIP transitional standard of need when the ineligible person is persons are not included in the assistance unit.~~

Subd. 1a. **Deemed income from disqualified assistance unit members.** The income of disqualified members must be deemed after allowing the following disregards:

(1) ~~the first 18 percent of the disqualified member's gross~~ an earned income disregard as determined under section 256P.03;

(2) ~~amounts the disqualified member actually paid to individuals not living in the same household but whom the disqualified member claims or could claim as dependents for determining federal personal income tax liability;~~

~~(3) (2) all payments made by the disqualified member according to a court order for spousal support or the support of children not living in the assistance unit's household, provided that, if there has been a change in the financial circumstances of the disqualified member's legal obligation to pay support since the support order was entered, the disqualified member has petitioned for a modification of the support order; and~~

~~(4) (3) an amount for the unmet needs of other ineligible persons who live in the household but are not included in the assistance unit and are or could be claimed by the disqualified member as dependents for determining federal personal income tax liability who, if eligible, would be assistance unit members under section 256J.24, subdivision 2 or 4, paragraph (b). This amount is equal to the difference between the MFIP transitional standard of need when the ineligible person is persons are included in the assistance unit and the MFIP transitional standard of need when the ineligible person is persons are not included in the assistance unit. An amount shall not be allowed for the needs of a disqualified member members.~~

Subd. 1b. **Deemed income from parents of minor caregivers.** In households where minor caregivers live with a parent or parents who do not receive MFIP for themselves or their minor children, the income of the parents must be deemed after allowing the following disregards:

(1) income of the parents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in the household according to section 256J.21, subdivision 2, clause (43); and

(2) 18 percent of the parents' gross earned income;

(3) amounts the parents actually paid to individuals not living in the same household but whom the parents claim or could claim as dependents for determining federal personal income tax liability; and

~~(4) (2) all payments made by parents according to a court order for spousal support or the support of children not living in the parent's household, provided that, if there has been a change in the financial circumstances of the parent's legal obligation to pay support since the support order was entered, the parents have petitioned for a modification of the support order.~~

Subd. 2. **Deemed income and assets of sponsor of noncitizens.** (a) If a noncitizen applies for or receives MFIP, the county agency must deem the income and assets of the noncitizen's sponsor and the sponsor's spouse as provided in this paragraph and paragraph (b) or (c), whichever is applicable. The deemed income of a sponsor and the sponsor's spouse is considered unearned income of the noncitizen. The deemed assets of a sponsor and the sponsor's spouse are considered available assets of the noncitizen.

(b) The income and assets of a sponsor who signed an affidavit of support under title IV, sections 421, 422, and 423, of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the income and assets of the sponsor's spouse, must be deemed to the noncitizen to the extent required by those sections of Public Law 104-193.

(c) The income and assets of a sponsor and the sponsor's spouse to whom the provisions of paragraph (b) do not apply must be deemed to the noncitizen to the full extent allowed under title V, section 5505, of Public Law 105-33, the Balanced Budget Act of 1997.

Subd. 3. **Earned income of wage, salary, and contractual employees.** The county agency must include gross earned income less any disregards in the initial and monthly income test. Gross earned income received by persons employed on a contractual basis must be prorated over the period covered by the contract even when payments are received over a lesser period of time.

Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the county agency shall count \$50 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income to the cash portion of the MFIP grant. The full amount of the subsidy must be counted as unearned income when the subsidy is less than \$50. The income from this subsidy shall be budgeted according to section 256J.34.

(b) The provisions of this subdivision shall not apply to an MFIP assistance unit which includes a participant who is:

(1) age 60 or older;

(2) a caregiver who is suffering from an illness, injury, or incapacity that has been certified by a qualified professional when the illness, injury, or incapacity is expected to continue for more than 30 days and severely limits the person's ability to obtain or maintain suitable employment; or

(3) a caregiver whose presence in the home is required due to the illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household when the illness or incapacity and the need for the participant's presence in the home has been certified by a qualified professional and is expected to continue for more than 30 days.

(c) The provisions of this subdivision shall not apply to an MFIP assistance unit where the parental caregiver is an SSI recipient participant.

Subd. 4. **Self-employment.** ~~Self-employed individuals are those who are responsible for their own work schedule and do not have coverage under an employer's liability insurance or workers' compensation. Self-employed individuals generally work for themselves rather than an employer. However, individuals employed in some types of services may be self-employed even if they have an employer or work out of another's business location. For example, real estate sales people, individuals who work for commission sales, manufacturer's representatives, and independent contractors may be self-employed. Self-employed individuals may or may not have FICA deducted from the check issued to them by an employer or another party.~~

~~Self-employed individuals may own a business singularly or in partnership. Individuals operating more than one self-employment business may use the loss from one business to offset self-employment income from another business. A loss from a self-employment business may not offset income earned under subdivision 3.~~

Self-employment has the meaning given in section 256P.01, subdivision 7.

Subd. 5. **Self-employment earnings.** The county agency must determine self-employment income according to ~~the following:~~ section 256P.05, subdivision 2.

(a) ~~Subtract allowable business expenses from total gross receipts. Allowable business expenses include:~~

(1) ~~interest on mortgages and loans;~~

~~(2) employee wages, except for persons who are part of the assistance unit or whose income is deemed to the participant;~~

~~(3) FICA funds paid on employees' wages, payment of employee workers' compensation, and unemployment benefits;~~

~~(4) livestock and veterinary or breeding fees;~~

~~(5) raw material;~~

~~(6) seed and fertilizer;~~

~~(7) maintenance and repairs that are not capital expenditures;~~

~~(8) tax return preparation fees;~~

~~(9) license fees, professional fees, franchise fees, and professional dues;~~

~~(10) tools and supplies that are not capital expenditures;~~

~~(11) fuel and transportation expenses other than fuel costs covered by the flat rate transportation deduction;~~

~~(12) advertising costs;~~

~~(13) meals eaten when required to be away from the local work site;~~

~~(14) property expenses such as rent, insurance, taxes, and utilities;~~

~~(15) postage;~~

~~(16) purchase cost of inventory at time of sale;~~

~~(17) loss from another self-employment business;~~

~~(18) attorney fees allowed by the Internal Revenue Service; and~~

~~(19) tuition for classes necessary to maintain or improve job skills or required by law to maintain job status or salary as allowed by the Internal Revenue Service.~~

~~(b) The county agency shall not allow a deduction for the following expenses:~~

~~(1) purchases of capital assets;~~

~~(2) payments on the principals of loans for capital assets;~~

~~(3) depreciation;~~

~~(4) amortization;~~

~~(5) the wholesale costs of items purchased, processed, or manufactured which are unsold inventory;~~

~~(6) transportation costs that exceed the maximum standard mileage rate allowed for use of a personal car in the Internal Revenue Code;~~

~~(7) costs, in any amount, for mileage between an applicant's or participant's home and place of employment;~~

(8) salaries and other employment deductions made for members of an assistance unit or persons who live in the household for whom an employer is legally responsible;

(9) monthly expenses in excess of \$71 for each roomer;

(10) monthly expenses in excess of the Thrifty Food Plan amount for one person for each boarder. For purposes of this clause and clause (11), "Thrifty Food Plan" has the meaning given it in Code of Federal Regulations;

(11) monthly expenses in excess of the roomer rate plus the Thrifty Food Plan amount for one person for each roomer-boarder. If there is more than one boarder or roomer-boarder, use the total number of boarders as the unit size to determine the Thrifty Food Plan amount;

(12) an amount greater than actual expenses or two percent of the estimated market value on a county tax assessment form, whichever is greater, as a deduction for upkeep and repair against rental income;

(13) expenses not allowed by the Internal Revenue Code;

(14) expenses in excess of 60 percent of gross receipts for in-home child care unless a higher amount can be documented; and

(15) expenses that are reimbursed under the child and adult care food program as authorized under the National School Lunch Act, United States Code, title 42.

Subd. 6. **Self-employment budget period.** The self-employment budget period begins in the month of application or in the first month of self-employment. Gross receipts must be budgeted in the month received. Expenses must be budgeted against gross receipts in the month the expenses are paid, except for paragraphs (a) to (c):

(a) The purchase cost of inventory items, including materials which are processed or manufactured, must be deducted as an expense at the time payment is received for the sale of the inventory items.

(b) A 12-month rolling average based on clauses (1) to (3) must be used to budget monthly income:

(1) For a business in operation for at least 12 months, the county agency shall use the average monthly self-employment income from the most current income tax report for the 12 months before the month of application. The county agency shall determine a new monthly average by adding in the actual self-employment income and expenses from the previous month and dropping the first month from the averaging period.

(2) For a business in operation for less than 12 months, the county agency shall compute the average for the number of months the business has been in operation to determine a monthly average. When data are available for 12 or more months, average monthly self-employment income is determined under clause (1).

(3) If the business undergoes a major change, the county agency shall compute a new rolling average beginning with the first month of the major change. For the purpose of this clause, major change means a change that affects the nature and scale of the business and is not merely the result of normal business fluctuations.

~~(c) For seasonal self-employment, the caregiver may choose whether to use actual income in the month of receipt and expenses in the month incurred or the rolling average method of computation. The choice must be made once per year at the time of application or recertification. For the purpose of this paragraph, seasonal means working six or less months per year.~~

The agency must budget self-employment earned income according to section 256P.05, subdivision 3.

~~Subd. 7. **Farm income.** Farm income is the difference between gross receipts and operating expenses. The county agency must not allow a deduction for expenses listed in subdivision 5, paragraph (b). Gross receipts include sales, rents, subsidies, soil conservation payments, production derived from livestock, and income from home-produced food. Farm income shall be treated as self-employment income under section 256P.05, subdivision 2. The agency must budget farm income as self-employment earned income according to section 256P.05, subdivision 3.~~

~~Subd. 8. **Rental income.** The county agency must treat income from rental property as earned or unearned income. Income from rental property is unearned income unless the assistance unit spends an average of ten hours per week on maintenance or management of the property. When the owner spends more than ten hours per week on maintenance or repairs, the earnings are considered self-employment earnings. An amount must be deducted for upkeep and repairs, as specified in subdivision 5, paragraph (b), clause (12), real estate taxes, insurance, utilities, and interest on principal payments. When the applicant or participant lives on the rental property, expenses for upkeep, taxes, insurance, utilities, and interest must be divided by the number of rooms to determine expense per room and expenses deducted must be deducted only for the number of rooms rented. Rental income is subject to the requirements of section 256P.05.~~

~~Subd. 9. **Unearned income.** (a) The county agency must apply unearned income to the MFIP transitional standard of need. When determining the amount of unearned income, the county agency must deduct the costs necessary to secure payments of unearned income. These costs include legal fees, medical fees, and mandatory deductions such as federal and state income taxes.~~

~~(b) The county agency must convert unearned income received on a periodic basis to monthly amounts by prorating the income over the number of months represented by the frequency of the payments. The county agency must begin counting the monthly amount in the month the periodic payment is received and budget it according to the assistance unit's budget cycle.~~

~~Subd. 10. **Treatment of lump sums.** (a) The county agency must treat lump-sum payments as earned or unearned income. If the lump-sum payment is included in the category of income identified in subdivision 9, it must be treated as unearned income. A lump sum is counted as income in the month received and budgeted either prospectively or retrospectively depending on the budget cycle at the time of receipt. When an individual receives a lump-sum payment, that lump sum must be combined with all other earned and unearned income received in the same budget month, and it must be applied according to paragraphs (a) to (c). A lump sum may not be carried over into subsequent months. Any funds that remain in the third month after the month of receipt are counted in the asset limit.~~

~~(b) For a lump sum received by an applicant during the first two months, prospective budgeting is used to determine the payment and the lump sum must be combined with other earned or unearned income received and budgeted in that prospective month.~~

(c) For a lump sum received by a participant after the first two months of MFIP eligibility, the lump sum must be combined with other income received in that budget month, and the combined amount must be applied retrospectively against the applicable payment month.

(d) When a lump sum, combined with other income under paragraphs (b) and (c), is less than the MFIP ~~transitional~~ ~~standard of need~~ for the appropriate payment month, the assistance payment must be reduced according to the amount of the countable income. When the countable income is greater than the MFIP standard or family wage level, the assistance payment must be suspended for the payment month.

EFFECTIVE DATE. The amendments to subdivisions 1, 1a, 1b, and 2 are effective October 1, 2015. The amendments to subdivisions 4, 5, 6, 7, and 8 are effective February 1, 2015. The amendments to subdivisions 9 and 10 are effective January 1, 2015.

Sec. 26. Minnesota Statutes 2012, section 256J.425, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) To be eligible for a hardship extension, a participant in an assistance unit subject to the time limit under section 256J.42, subdivision 1, must be in compliance in the participant's 60th counted month. For purposes of determining eligibility for a hardship extension, a participant is in compliance in any month that the participant has not been sanctioned. In order to maintain eligibility for any of the hardship extension categories a participant shall develop and comply with either an employment plan or a family stabilization services plan, whichever is appropriate.

(b) If one participant in a two-parent assistance unit is determined to be ineligible for a hardship extension, the county shall give the assistance unit the option of disqualifying the ineligible participant from MFIP. In that case, the assistance unit shall be treated as a one-parent assistance unit ~~and the assistance unit's MFIP grant shall be calculated using the shared household standard under section 256J.08, subdivision 82a.~~

(c) Prior to denying an extension, the county must review the sanction status and determine whether the sanction is appropriate or if good cause exists under section 256J.57. If the sanction was inappropriately applied or the participant is granted a good cause exception before the end of month 60, the participant shall be considered for an extension.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 27. Minnesota Statutes 2012, section 256J.425, subdivision 7, is amended to read:

Subd. 7. **Status of disqualified participants.** (a) An assistance unit that is disqualified under subdivision 6, paragraph (a), may be approved for MFIP if the participant complies with MFIP program requirements and demonstrates compliance for up to one month. No assistance shall be paid during this period.

(b) An assistance unit that is disqualified under subdivision 6, paragraph (a), and that reapplies under paragraph (a) is subject to sanction under section 256J.46, subdivision 1, paragraph (c), clause (1), for a first occurrence of noncompliance. A subsequent occurrence of noncompliance results in a permanent disqualification.

(c) If one participant in a two-parent assistance unit receiving assistance under a hardship extension under subdivision 3 or 4 is determined to be out of compliance with the employment and training services requirements under sections 256J.521 to 256J.57, the county shall give the

assistance unit the option of disqualifying the noncompliant participant from MFIP. In that case, the assistance unit shall be treated as a one-parent assistance unit for the purposes of meeting the work requirements under subdivision 4 ~~and the assistance unit's MFIP grant shall be calculated using the shared household standard under section 256J.08, subdivision 82a.~~ An applicant who is disqualified from receiving assistance under this paragraph may reapply under paragraph (a). If a participant is disqualified from MFIP under this subdivision a second time, the participant is permanently disqualified from MFIP.

(d) Prior to a disqualification under this subdivision, a county agency must review the participant's case to determine if the employment plan is still appropriate and attempt to meet with the participant face-to-face. If a face-to-face meeting is not conducted, the county agency must send the participant a notice of adverse action as provided in section 256J.31. During the face-to-face meeting, the county agency must:

(1) determine whether the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (9);

(2) determine whether the participant qualifies for a good cause exception under section 256J.57;

(3) inform the participant of the family violence waiver criteria and make appropriate referrals if the waiver is requested;

(4) inform the participant of the participant's sanction status and explain the consequences of continuing noncompliance;

(5) identify other resources that may be available to the participant to meet the needs of the family; and

(6) inform the participant of the right to appeal under section 256J.40.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 28. Minnesota Statutes 2012, section 256J.95, subdivision 8, is amended to read:

Subd. 8. **Verification requirements.** (a) A county agency must only require verification of information necessary to determine DWP eligibility and the amount of the payment. The applicant or participant must document the information required or authorize the county agency to verify the information. The applicant or participant has the burden of providing documentary evidence to verify eligibility. The county agency shall assist the applicant or participant in obtaining required documents when the applicant or participant is unable to do so.

(b) A county agency must not request information about an applicant or participant that is not a matter of public record from a source other than county agencies, the Department of Human Services, or the United States Department of Health and Human Services without the person's prior written consent. An applicant's signature on an application form constitutes consent for contact with the sources specified on the application. A county agency may use a single consent form to contact a group of similar sources, but the sources to be contacted must be identified by the county agency prior to requesting an applicant's consent.

(c) Factors to be verified shall follow section 256J.32, ~~subdivision 256P.04~~, subdivisions 4 and 5. Except for personal needs, family maintenance needs must be verified before the expense can be allowed in the calculation of the DWP grant.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 29. Minnesota Statutes 2012, section 256J.95, subdivision 9, is amended to read:

Subd. 9. **Property and income limitations.** The asset limits and exclusions in section ~~256J.20~~ 256P.02 apply to applicants and ~~recipients~~ participants of DWP. All payments, unless excluded in section 256J.21, must be counted as income to determine eligibility for the diversionary work program. The county agency shall treat income as outlined in section 256J.37, except for subdivision 3a. The initial income test and the disregards in section 256J.21, subdivision 3, shall be followed for determining eligibility for the diversionary work program.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 30. Minnesota Statutes 2012, section 256J.95, subdivision 10, is amended to read:

Subd. 10. **Diversionary work program grant.** (a) The amount of cash benefits that a family unit is eligible for under the diversionary work program is based on the number of persons in the family unit, the family maintenance needs, personal needs allowance, and countable income. The county agency shall evaluate the income of the family unit that is requesting payments under the diversionary work program. Countable income means gross earned and unearned income not excluded or disregarded under MFIP. The same disregards for earned income that are allowed under MFIP are allowed for the diversionary work program.

(b) The DWP grant is based on the family maintenance needs for which the DWP family unit is responsible plus a personal needs allowance. Housing and utilities, except for telephone service, shall be vendor paid. Unless otherwise stated in this section, actual housing and utility expenses shall be used when determining the amount of the DWP grant.

(c) The maximum monthly benefit amount available under the diversionary work program is the difference between the family unit's needs under paragraph (b) and the family unit's countable income not to exceed the cash portion of the MFIP transitional standard of need as defined in section ~~sections~~ 256J.08, subdivision ~~55a~~ 85, and 256J.24, subdivision 5, for the family unit's size.

(d) Once the county has determined a grant amount, the DWP grant amount will not be decreased if the determination is based on the best information available at the time of approval and shall not be decreased because of any additional income to the family unit. The grant must be increased if a participant later verifies an increase in family maintenance needs or family unit size. The minimum cash benefit amount, if income and asset tests are met, is \$10. Benefits of \$10 shall not be vendor paid.

(e) When all criteria are met, including the development of an employment plan as described in subdivision 14 and eligibility exists for the month of application, the amount of benefits for the diversionary work program retroactive to the date of application is as specified in section 256J.35, paragraph (a).

(f) Any month during the four-month DWP period that a person receives a DWP benefit directly or through a vendor payment made on the person's behalf, that person is ineligible for MFIP or any

other TANF cash assistance program except for benefits defined in section 256J.626, subdivision 2, clause (1).

If during the four-month period a family unit that receives DWP benefits moves to a county that has not established a diversionary work program, the family unit may be eligible for MFIP the month following the last month of the issuance of the DWP benefit.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 31. **[256P.001] APPLICABILITY.**

General assistance and Minnesota supplemental aid under chapter 256D and programs governed by chapter 256I or 256J are subject to the requirements of this chapter, unless otherwise specified or exempted.

Sec. 32. **[256P.01] DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. **Agency.** "Agency" means any county, federally recognized Indian tribe, or multicounty social services collaboratives.

Subd. 3. **Earned income.** "Earned income" means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor. The income must be in return for, or as a result of, legal activity.

Subd. 4. **Earned income disregard.** "Earned income disregard" means earned income that is not counted according to section 256P.03 when determining eligibility and calculating the amount of the assistance payment.

Subd. 5. **Equity value.** "Equity value" means the amount of equity in personal property owned by a person and is determined by subtracting any outstanding encumbrances from the fair market value of the personal property.

Subd. 6. **Personal property.** "Personal property" means an item of value that is not real property.

Subd. 7. **Self-employment.** "Self-employment" means employment by an individual who:

(1) incurs costs in producing income and deducts these costs in order to equate the individual's income with income from sources where there are no production costs; and

(2) controls the individual's work by working either independently of an employer or freelance, or by running the business; or

(3) pays self-employment taxes.

Sec. 33. **[256P.02] PERSONAL PROPERTY LIMITATIONS.**

Subdivision 1. **Property ownership.** (a) The agency must apply paragraphs (b) to (e) to determine the value of personal property. The agency must use the equity value of legally available personal property to determine whether an applicant or participant is eligible for assistance.

(b) When personal property is jointly owned by two or more persons, the agency shall assume that each person owns an equal share, except that either person owns the entire sum of a joint personal checking or savings account. When an applicant or participant documents greater or lesser ownership, the agency must use that greater or lesser share to determine the equity value held by the applicant or participant. Other types of ownership must be evaluated according to law.

(c) Personal property owned by the applicant or participant must be presumed legally available to the applicant or participant unless the applicant or participant documents that the property is not legally available to the applicant or participant. When personal property is not legally available, its equity value must not be applied against the limits of subdivision 2.

(d) An applicant must disclose whether the applicant has transferred personal property valued in excess of the property limits in subdivision 2 for which reasonable compensation was not received within one year prior to application. A participant must disclose all transfers of property valued in excess of these limits, according to the reporting requirements in section 256J.30, subdivision 9. When a transfer of personal property without reasonable compensation has occurred:

(1) the person who transferred the property must provide the property's description, information needed to determine the property's equity value, the names of the persons who received the property, and the circumstances of and reasons for the transfer; and

(2) when the transferred property can be reasonably reacquired, or when reasonable compensation can be secured, the property is presumed legally available to the applicant or participant.

(e) A participant may build the equity value of personal property to the limits in subdivision 2.

Subd. 2. **Personal property limitations.** (a) The equity value of an assistance unit's personal property listed in clauses (1) to (4) must not exceed \$10,000 for applicants and participants. For purposes of this subdivision, personal property is limited to:

(1) cash;

(2) bank accounts;

(3) liquid stocks and bonds that can be readily accessed without a financial penalty; and

(4) vehicles not excluded under subdivision 3.

Subd. 3. **Vehicle exception.** One vehicle per assistance unit member age 16 or older shall be excluded when determining the equity value of personal property. If the assistance unit owns more than one vehicle per assistance unit member age 16 or older, the agency shall determine the trade-in values of all additional vehicles and apply the values to the personal property limitations in subdivision 2. To establish the trade-in values of vehicles, an agency must use the National Automobile Dealers Association online car values and car prices guide. When a vehicle is not listed in the online guide, or when the applicant or participant disputes the trade-in value listed in the online guide as unreasonable given the condition of the particular vehicle, the agency may require the applicant or participant to document the trade-in value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower loan value.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 34. [256P.03] EARNED INCOME DISREGARD.

Subdivision 1. **Exempted programs.** Participants who qualify for Minnesota supplemental aid under chapter 256D and for group residential housing under chapter 256I on the basis of eligibility for Supplemental Security Income are exempt from this section.

Subd. 2. **Earned income disregard.** The agency shall disregard the first \$65 of earned income plus one-half of the remaining earned income per month.

EFFECTIVE DATE. This section is effective October 1, 2015.

Sec. 35. [256P.04] DOCUMENTING, VERIFYING, AND RECERTIFYING ELIGIBILITY.

Subdivision 1. **Exemption.** Participants who receive Minnesota supplemental aid and who maintain Supplemental Security Income eligibility under chapters 256D and 256I are exempt from the reporting requirements of this section, except that the policies and procedures for transfers of assets are those used by the medical assistance program under section 256B.0595.

Subd. 2. **Verification of information.** An agency must only require verification of information necessary to determine eligibility and the amount of the assistance payment. If necessary, the agency shall assist the applicant or participant in obtaining verifications and required documents when the applicant or participant is unable to do so.

Subd. 3. **Documentation.** The applicant or participant must document the information required under subdivisions 4 to 7 or authorize the agency to verify the information. The applicant or participant has the burden of providing documentary evidence to verify eligibility. The agency must accept a signed personal statement from the applicant or participant when determining personal property values under section 256P.02. The signed personal statement must include general penalty warnings and a disclaimer that any false or misrepresented information is subject to prosecution for fraud under sections 609.52 and 609.821 and perjury under section 609.48.

Subd. 4. **Factors to be verified.** (a) The agency shall verify the following at application:

- (1) identity of adults;
- (2) age, if necessary to determine eligibility;
- (3) immigration status;
- (4) income;
- (5) spousal support and child support payments made to persons outside the household;
- (6) vehicles;
- (7) checking and savings accounts;
- (8) inconsistent information, if related to eligibility;
- (9) residence; and
- (10) Social Security number.

(b) Applicants who are qualified noncitizens and victims of domestic violence as defined under section 256J.08, subdivision 73, clause (7), are not required to verify the information in paragraph (a), clause (10). When a Social Security number is not provided to the agency for verification, this requirement is satisfied when each member of the assistance unit cooperates with the procedures for verification of Social Security numbers, issuance of duplicate cards, and issuance of new numbers which have been established jointly between the Social Security Administration and the commissioner.

Subd. 5. **MFIP-only verifications.** In addition to subdivision 4, the agency shall verify the following for programs under chapter 256J:

- (1) the presence of the minor child in the home, if questionable;
- (2) the relationship of a minor child to caregivers in the assistance unit;
- (3) pregnancy, if related to eligibility;
- (4) school attendance, if related to eligibility;

(5) a claim of family violence, if used as a basis to qualify for the family violence waiver under chapter 256J; and

(6) disability, if used as the basis for reducing the hourly participation requirements under section 256J.55, subdivision 1, or for the type of activity included in an employment plan under section 256J.521, subdivision 2.

Subd. 6. **Personal property inconsistent information.** If there is inconsistent information known to the agency when reporting personal property under section 256P.02, an agency must require the applicant or participant to document the information required under section 256P.02 or authorize the county agency to verify the information. The applicant or participant has the burden of providing documentary evidence to verify eligibility. The agency shall assist the applicant or participant in obtaining required documents when the applicant or participant is unable to do so.

Subd. 7. **Documenting and verifying inconsistent information.** When the agency verifies inconsistent information under subdivision 4, paragraph (a), clause (8); subdivision 6; or subdivision 8, clause (3), the reason for verifying the information must be documented in the financial case record.

Subd. 8. **Recertification.** The agency shall recertify eligibility in an annual interview with the participant. The interview may be conducted by telephone, by Internet telepresence, or face-to-face in the county office or in another location mutually agreed upon. A participant must be given the option of a telephone interview or Internet telepresence to recertify eligibility. During the interview, the agency shall verify the following:

- (1) income, unless excluded, including self-employment earnings;
- (2) assets when the value is within \$200 of the asset limit; and
- (3) inconsistent information, if related to eligibility.

Subd. 9. **MFIP-only recertification.** In addition to subdivision 8, the agency shall verify the following for programs under chapter 256J:

- (1) the presence of the minor child in the home, if questionable; and

(2) whether a single-caregiver household meets the requirements in section 256J.575, subdivision 3.

Subd. 10. **Participant's completion of form for recertification of eligibility.** A participant must complete forms prescribed by the commissioner which are required for recertification of eligibility according to subdivisions 8 and 9. An agency must end benefits when the participant fails to submit the recertification form and verifications before the end of the certification period. If the participant submits the recertification form within 30 days of the termination of benefits, benefits must be reinstated and made available retroactively for the full benefit month.

Subd. 11. **Participant's completion of household report form.** (a) When a participant is required to complete a household report form, the following paragraphs apply.

(b) If the agency receives an incomplete household report form, the agency must immediately return the incomplete form and clearly state what the participant must do for the form to be complete.

(c) The automated eligibility system must send a notice of proposed termination of assistance to the participant if a complete household report form is not received by the agency. The automated notice must be mailed to the participant by approximately the 16th of the month. When a participant submits an incomplete form on or after the date a notice of proposed termination has been sent, the termination is valid unless the participant submits a complete form before the end of the month.

(d) The submission of a household report form is considered to have continued the participant's application for assistance if a complete household report form is received within a calendar month after the month in which the form was due. Assistance shall be paid for the period beginning with the first day of that calendar month.

(e) An agency must allow good cause exemptions for a participant required to complete a household report form when any of the following factors cause a participant to fail to submit a completed household report form before the end of the month in which the form is due:

(1) an employer delays completion of employment verification;

(2) the agency does not help a participant complete the household report form when the participant asks for help;

(3) a participant does not receive a household report form due to a mistake on the part of the department or the agency or a reported change in address;

(4) a participant is ill or physically or mentally incapacitated; or

(5) some other circumstance occurs that a participant could not avoid with reasonable care which prevents the participant from providing a completed household report form before the end of the month in which the form is due.

Subd. 12. **Contacting third parties.** An agency must not request information about an applicant or participant that is not of public record from a source other than agencies, the department, or the United States Department of Health and Human Services without the applicant's or participant's prior written consent. An applicant's signature on an application form constitutes consent for contact with the sources specified on the application. An agency may use a single consent form to contact a group of similar sources, such as banks or insurance agencies, but the sources to be contacted must be identified by the agency prior to requesting an applicant's consent.

Subd. 13. **Notice to undocumented persons; release of private data.** Agencies, in consultation with the commissioner of human services, shall provide notification to undocumented persons regarding the release of personal data to the United States Citizenship and Immigration Services and develop protocols regarding the release or sharing of data about undocumented persons with the United States Citizenship and Immigration Services as required under sections 404, 411A, and 434 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Subd. 14. **Requirement to report to United States Citizenship and Immigration Services.** The commissioner shall comply with the reporting requirements under United States Code, title 42, section 611a, and any federal regulation or guidance adopted under that law.

Subd. 15. **Personal statement.** The agency may accept a signed personal statement from the applicant or participant explaining the reasons that the documentation requested in subdivision 3 is unavailable as sufficient documentation at the time of application, recertification, or change related to eligibility only for the following factors:

(1) a claim of family violence, if used as a basis to qualify for the family violence waiver;

(2) relationship of a minor child to caregivers in the assistance unit;

(3) citizenship status from a noncitizen who reports to be, or is identified as, a victim of severe forms of trafficking in persons, if the noncitizen reports that the noncitizen's immigration documents are being held by an individual or group of individuals against the noncitizen's will. The noncitizen must follow up with the Office of Refugee Resettlement (ORR) to pursue certification. If verification that certification is being pursued is not received within 30 days, the case must be closed and the agency shall pursue overpayments. The ORR documents certifying the noncitizen's status as a victim of severe forms of trafficking in persons, or the reason for the delay in processing, must be received within 90 days, or the case must be closed and the agency shall pursue overpayments; and

(4) other documentation unavailable for reasons beyond the control of the applicant or participant. The applicant or participant must have made reasonable attempts to obtain the documents requested under subdivision 3.

Subd. 16. **Excluded resources.** Payments of funds made according to litigation and subsequent appropriation by the United States Congress to compensate members of Indian tribes for the taking of tribal lands by the federal government are excluded.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 36. **[256P.05] SELF-EMPLOYMENT EARNINGS.**

Subdivision 1. **Exempted programs.** Participants who qualify for Minnesota supplemental aid under chapter 256D and for group residential housing under chapter 256I on the basis of eligibility for Supplemental Security Income are exempt from this section.

Subd. 2. **Self-employment income determinations.** An agency must determine self-employment income, which is either:

(1) one-half of gross earnings from self-employment; or

(2) taxable income as determined from an Internal Revenue Service tax form that has been filed with the Internal Revenue Service within the last year. A 12-month average using net taxable income shall be used to budget monthly income.

Subd. 3. **Self-employment budgeting.** (a) The self-employment budget period begins in the month of application or in the first month of self-employment. Applicants and participants must choose one of the methods described in subdivision 2 for determining self-employment earned income.

(b) Applicants and participants who elect to use taxable income as described in subdivision 2, clause (2), to determine self-employment income must continue to use this method until recertification, unless there is an unforeseen significant change in gross income equaling a decline in gross income of the amount equal to or greater than the earned income disregard as defined in section 256P.03 from the income used to determine the benefit for the current month.

(c) For applicants and participants who elect to use one-half of gross earnings as described in subdivision 2, clause (1), to determine self-employment income, earnings must be counted as income in the month received.

EFFECTIVE DATE. This section is effective February 1, 2015.

Sec. 37. **REPEALER.**

(a) Minnesota Statutes 2012, sections 256J.08, subdivisions 55a and 82a; and 256J.24, subdivision 9, are repealed effective January 1, 2015.

(b) Minnesota Statutes 2012, sections 256D.405, subdivisions 1a and 2; 256J.08, subdivision 42; and 256J.32, subdivisions 2, 3, 4, 5a, 6, 7, 7a, and 8, are repealed effective February 1, 2015.

(c) Minnesota Statutes 2012, section 256D.06, subdivision 1b, is repealed effective October 1, 2015.

(d) Minnesota Statutes 2013 Supplement, section 256J.08, subdivision 24, is repealed effective October 1, 2015.

(e) Minnesota Statutes 2012, sections 256D.08, subdivision 2; and 256J.20, are repealed effective January 1, 2016.

ARTICLE 22

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, are subtracted from the appropriations in Laws 2013, chapter 108, article 14, from the general fund or any fund named to the Department of Human Services for the purposes specified in this article, to be available for the fiscal year indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal years ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

APPROPRIATIONS
Available for the Year
Ending June 30

20142015**Sec. 2. COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. <u>Total Appropriation</u>	\$	<u>(196,927)</u>	\$	<u>64,288</u>
--	-----------	-------------------------	-----------	----------------------

Appropriations by Fund

<u>General Fund</u>	<u>(153,497)</u>	<u>(25,282)</u>		
---------------------	------------------	-----------------	--	--

<u>Health Care Access Fund</u>	<u>(36,533)</u>	<u>91,294</u>		
--------------------------------	-----------------	---------------	--	--

<u>Federal TANF</u>	<u>(6,897)</u>	<u>(1,724)</u>		
---------------------	----------------	----------------	--	--

Subd. 2. Forecasted Programs**(a) MFIP/DWP**Appropriations by Fund

<u>General Fund</u>	<u>3,571</u>	<u>173</u>		
---------------------	--------------	------------	--	--

<u>Federal TANF</u>	<u>(6,475)</u>	<u>(1,298)</u>		
---------------------	----------------	----------------	--	--

(b) <u>MFIP Child Care Assistance</u>		<u>(684)</u>		<u>11,114</u>
--	--	--------------	--	---------------

(c) <u>General Assistance</u>		<u>(2,569)</u>		<u>(1,940)</u>
--------------------------------------	--	----------------	--	----------------

(d) <u>Minnesota Supplemental Aid</u>		<u>(690)</u>		<u>(614)</u>
--	--	--------------	--	--------------

(e) <u>Group Residential Housing</u>		<u>250</u>		<u>(1,740)</u>
---	--	------------	--	----------------

(f) <u>MinnesotaCare</u>		<u>(34,838)</u>		<u>96,340</u>
---------------------------------	--	-----------------	--	---------------

These appropriations are from the health care access fund.

(g) Medical AssistanceAppropriations by Fund

<u>General Fund</u>	<u>(149,494)</u>	<u>(27,075)</u>		
---------------------	------------------	-----------------	--	--

<u>Health Care Access Fund</u>	<u>(1,695)</u>	<u>(5,046)</u>		
--------------------------------	----------------	----------------	--	--

(h) <u>Alternative Care Program</u>		<u>(6,936)</u>		<u>(13,260)</u>
--	--	----------------	--	-----------------

(i) <u>CCDTF Entitlements</u>		<u>3,055</u>		<u>8,060</u>
--------------------------------------	--	--------------	--	--------------

Subd. 3. <u>Technical Activities</u>		<u>(422)</u>		<u>(426)</u>
---	--	--------------	--	--------------

These appropriations are from the federal TANF fund.

Sec. 3. Laws 2013, chapter 108, article 14, section 2, subdivision 1, is amended to read:

	6,438,485,000	6,457,117,000
Subdivision 1. Total Appropriation	\$ <u>6,437,815,000</u>	\$ <u>6,456,311,000</u>

Appropriations by Fund

	2014	2015
	<u>5,654,765,000</u>	<u>5,677,458,000</u>
General	<u>5,654,095,000</u>	<u>5,676,652,000</u>
State Government		
Special Revenue	4,099,000	4,510,000
Health Care Access	519,816,000	518,446,000
Federal TANF	257,915,000	254,813,000
Lottery Prize Fund	1,890,000	1,890,000

Receipts for Systems Projects.

Appropriations and federal receipts for information systems 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 commissioner of Minnesota information technology services, funded by the legislature, and approved by the commissioner of management and budget, 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.

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.

ARRA Supplemental Nutrition Assistance Benefit Increases. The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program

provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

Supplemental Nutrition Assistance Program Employment and Training. (1)

Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal Supplemental Nutrition Assistance employment and training funds received as reimbursement of MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to \$4,900,000 per year in fiscal years 2014 and 2015, and to \$4,400,000 per year in fiscal years 2016 and 2017, contingent on approval by the federal Food and Nutrition Service.

(2) Consistent with the receipt of the federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2017.

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 legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

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

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

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

(d) The requirement in Minnesota Statutes, section 256.011, subdivision 3, 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.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43 (a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision and subdivisions 2 and 3.

(f) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, 2017.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year of working family credit expenditures in each fiscal year.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 4. Laws 2013, chapter 108, article 14, section 2, subdivision 4, as amended by Laws 2013, chapter 144, section 24, is amended to read:

Subd. 4. **Central Office**

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

(a) Operations

	Appropriations by Fund	
General	101,979,000	96,858,000
State Government		
Special Revenue	3,974,000	4,385,000
Health Care Access	13,177,000	13,004,000
Federal TANF	100,000	100,000

DHS Receipt Center Accounting. The commissioner is authorized to transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

Administrative Recovery; Set-Aside. The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

- (1) Minnesota Statutes, section 125A.744, subdivision 3;
- (2) Minnesota Statutes, section 245.495, paragraph (b);
- (3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);
- (4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);
- (5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and
- (6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

Systems Modernization. The following amounts are appropriated for transfer to the state systems account authorized in Minnesota Statutes, section 256.014:

(1) \$1,825,000 in fiscal year 2014 and \$2,502,000 in fiscal year 2015 is for the state share of Medicaid-allocated costs of the health insurance exchange information technology and operational structure. The funding base is \$3,222,000 in fiscal year 2016 and \$3,037,000 in fiscal year 2017 but shall not be included in the base thereafter; and

(2) \$9,344,000 in fiscal year 2014 and \$3,660,000 in fiscal year 2015 are for the modernization and streamlining of agency eligibility and child support systems. The funding base is \$5,921,000 in fiscal year 2016 and \$1,792,000 in fiscal year 2017 but shall not be included in the base thereafter.

The unexpended balance of the \$9,344,000 appropriation in fiscal year 2014 and the \$3,660,000 appropriation in fiscal year 2015 must be transferred from the Department of Human Services state systems account to the Office of Enterprise Technology when the Office of Enterprise Technology has negotiated a federally approved internal service fund rates and billing process with sufficient internal accounting controls to properly maximize federal reimbursement to Minnesota for human services system modernization projects, but not later than June 30, 2015.

If contingent funding is fully or partially disbursed under article 15, section 3, and transferred to the state systems account, the unexpended balance of that appropriation must be transferred to the Office of Enterprise Technology in accordance with this clause. Contingent funding must not exceed \$11,598,000 for the biennium.

Base Adjustment. The general fund base is increased by \$2,868,000 in fiscal year 2016 and decreased by \$1,206,000 in fiscal year 2017. The health access fund base is decreased by \$551,000 in fiscal years 2016 and 2017. The state government special revenue fund base is increased by \$4,000 in

fiscal year 2016 and decreased by \$236,000 in fiscal year 2017.

(b) Children and Families

	Appropriations by Fund	
General	8,023,000	8,015,000
Federal TANF	2,282,000	2,282,000

Financial Institution Data Match and Payment of Fees. The commissioner is authorized to allocate up to \$310,000 each year in fiscal years 2014 and 2015 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

Base Adjustment. The general fund base is decreased by \$300,000 in fiscal years 2016 and 2017. The TANF fund base is increased by \$300,000 in fiscal years 2016 and 2017.

(c) Health Care

	Appropriations by Fund	
General	14,028,000	13,826,000
Health Care Access	28,442,000	31,137,000

Base Adjustment. The general fund base is decreased by \$86,000 in fiscal year 2016 and by \$86,000 in fiscal year 2017. The health care access fund base is increased by \$6,954,000 in fiscal year 2016 and by \$5,489,000 in fiscal year 2017.

(d) Continuing Care

	Appropriations by Fund	
General	20,993,000	22,359,000
State Government Special Revenue	125,000	125,000

Base Adjustment. The general fund base is increased by \$1,690,000 in fiscal year 2016 and by \$798,000 in fiscal year 2017.

(e) Chemical and Mental Health

Appropriations by Fund		
	4,639,000	4,490,000
General	<u>4,571,000</u>	<u>4,431,000</u>
Lottery Prize Fund	157,000	157,000

~~Of the general fund appropriation, \$68,000 in fiscal year 2014 and \$59,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (c).~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 5. Laws 2013, chapter 108, article 14, section 2, subdivision 6, as amended by Laws 2013, chapter 144, section 25, is amended to read:

Subd. 6. Grant Programs

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

(a) Support Services Grants

Appropriations by Fund		
General	8,915,000	13,333,000
Federal TANF	94,611,000	94,611,000

Paid Work Experience. \$2,168,000 each year in fiscal years 2015 and 2016 is from the general fund for paid work experience for long-term MFIP recipients. Paid work includes full and partial wage subsidies and other related services such as job development, marketing, preworksites training, job coaching, and postplacement services. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Work Study Funding for MFIP Participants. \$250,000 each year in fiscal

years 2015 and 2016 is from the general fund to pilot work study jobs for MFIP recipients in approved postsecondary education programs. This is a onetime appropriation. Unexpended funds for fiscal year 2015 do not cancel, but are available for this purpose in fiscal year 2016.

Local Strategies to Reduce Disparities. \$2,000,000 each year in fiscal years 2015 and 2016 is from the general fund for local projects that focus on services for subgroups within the MFIP caseload who are experiencing poor employment outcomes. These are onetime appropriations. Unexpended funds for fiscal year 2015 do not cancel, but are available to the commissioner for this purpose in fiscal year 2016.

Home Visiting Collaborations for MFIP Teen Parents. \$200,000 per year in fiscal years 2014 and 2015 is from the general fund and \$200,000 in fiscal year 2016 is from the federal TANF fund for technical assistance and training to support local collaborations that provide home visiting services for MFIP teen parents. The general fund appropriation is onetime. The federal TANF fund appropriation is added to the base.

Performance Bonus Funds for Counties. The TANF fund base is increased by \$1,500,000 each year in fiscal years 2016 and 2017. The commissioner must allocate this amount each year to counties that exceed their expected range of performance on the annualized three-year self-support index as defined in Minnesota Statutes, section 256J.751, subdivision 2, clause (6). This is a permanent base adjustment. Notwithstanding any contrary provisions in this article, this provision expires June 30, 2016.

Base Adjustment. The general fund base is decreased by \$200,000 in fiscal year 2016 and \$4,618,000 in fiscal year 2017. The TANF fund base is increased by \$1,700,000 in fiscal years 2016 and 2017.

(b) Basic Sliding Fee Child Care Assistance Grants	36,836,000	42,318,000
---	------------	------------

Base Adjustment. The general fund base is increased by \$3,778,000 in fiscal year 2016 and by \$3,849,000 in fiscal year 2017.

(c) Child Care Development Grants	1,612,000	1,737,000
--	-----------	-----------

(d) Child Support Enforcement Grants	50,000	50,000
---	--------	--------

Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315, is appropriated to the commissioner for this activity.

(e) Children's Services Grants

	Appropriations by Fund	
General	49,760,000	52,961,000
Federal TANF	140,000	140,000

Adoption Assistance and Relative Custody Assistance. \$37,453,000 in fiscal year 2014 and \$37,453,000 in fiscal year 2015 is for the adoption assistance and relative custody assistance programs. The commissioner shall determine with the commissioner of Minnesota Management and Budget the appropriation for Northstar Care for Children effective January 1, 2015. The commissioner may transfer appropriations for adoption assistance, relative custody assistance, and Northstar Care for Children between fiscal years and among programs to adjust for transfers across the programs.

Title IV-E Adoption Assistance. Additional federal reimbursements to the state as a result of the Fostering Connections to Success and Increasing Adoptions Act's expanded eligibility for Title IV-E adoption assistance are appropriated for postadoption services, including a parent-to-parent support network.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2014 and 2015 for adoption incentive grants are appropriated for postadoption services, including a parent-to-parent support network.

Base Adjustment. The general fund base is increased by \$5,913,000 in fiscal year 2016 and by \$10,297,000 in fiscal year 2017.

(f) Child and Community Service Grants	53,301,000	53,301,000
(g) Child and Economic Support Grants	21,047,000	20,848,000

Minnesota Food Assistance Program. Unexpended funds for the Minnesota food assistance program for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Transitional Housing. \$250,000 each year is for the transitional housing programs under Minnesota Statutes, section 256E.33.

Emergency Services. \$250,000 each year is for emergency services grants under Minnesota Statutes, section 256E.36.

Family Assets for Independence. \$250,000 each year is for the Family Assets for Independence Minnesota program. This appropriation is available in either year of the biennium and may be transferred between fiscal years.

Food Shelf Programs. \$375,000 in fiscal year 2014 and \$375,000 in fiscal year 2015 are for food shelf programs under Minnesota Statutes, section 256E.34. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Notwithstanding Minnesota Statutes, section 256E.34, subdivision 4, no

portion of this appropriation may be used by Hunger Solutions for its administrative expenses, including but not limited to rent and salaries.

Homeless Youth Act. \$2,000,000 in fiscal year 2014 and \$2,000,000 in fiscal year 2015 is for purposes of Minnesota Statutes, section 256K.45.

Safe Harbor Shelter and Housing. \$500,000 in fiscal year 2014 and \$500,000 in fiscal year 2015 is for a safe harbor shelter and housing fund for housing and supportive services for youth who are sexually exploited.

(h) Health Care Grants

Appropriations by Fund		
General	190,000	190,000
Health Care Access	190,000	190,000

Emergency Medical Assistance Referral and Assistance Grants. (a) The commissioner of human services shall award grants to nonprofit programs that provide immigration legal services based on indigency to provide legal services for immigration assistance to individuals with emergency medical conditions or complex and chronic health conditions who are not currently eligible for medical assistance or other public health care programs, but who may meet eligibility requirements with immigration assistance.

(b) The grantees, in collaboration with hospitals and safety net providers, shall provide referral assistance to connect individuals identified in paragraph (a) with alternative resources and services to assist in meeting their health care needs. \$100,000 is appropriated in fiscal year 2014 and \$100,000 in fiscal year 2015. This is a onetime appropriation.

Base Adjustment. The general fund is decreased by \$100,000 in fiscal year 2016 and \$100,000 in fiscal year 2017.

(i) Aging and Adult Services Grants	14,827,000	15,010,000
--	------------	------------

Base Adjustment. The general fund is increased by \$1,150,000 in fiscal year 2016 and \$1,151,000 in fiscal year 2017.

Community Service Development Grants and Community Services Grants. Community service development grants and community services grants are reduced by \$1,150,000 each year. This is a onetime reduction.

(j) Deaf and Hard-of-Hearing Grants	1,771,000	1,785,000
--	-----------	-----------

(k) Disabilities Grants	18,605,000	18,823,000
--------------------------------	------------	------------

Advocating Change Together. \$310,000 in fiscal year 2014 is for a grant to Advocating Change Together (ACT) to maintain and promote services for persons with intellectual and developmental disabilities throughout the state. This appropriation is onetime. Of this appropriation:

(1) \$120,000 is for direct costs associated with the delivery and evaluation of peer-to-peer training programs administered throughout the state, focusing on education, employment, housing, transportation, and voting;

(2) \$100,000 is for delivery of statewide conferences focusing on leadership and skill development within the disability community; and

(3) \$90,000 is for administrative and general operating costs associated with managing or maintaining facilities, program delivery, staff, and technology.

Base Adjustment. The general fund base is increased by \$535,000 in fiscal year 2016 and by \$709,000 in fiscal year 2017.

(l) Adult Mental Health Grants

	71,199,000	69,530,000
General	<u>70,597,000</u>	<u>68,783,000</u>
Health Care Access	750,000	750,000
Lottery Prize	1,733,000	1,733,000

~~**Compulsive Gambling Treatment.** Of the general fund appropriation, \$602,000 in fiscal year 2014 and \$747,000 in fiscal year 2015 are for compulsive gambling treatment under Minnesota Statutes, section 297E.02, subdivision 3, paragraph (c).~~

Problem Gambling. \$225,000 in fiscal year 2014 and \$225,000 in fiscal year 2015 is appropriated from the lottery prize fund for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling.

Funding Usage. Up to 75 percent of a fiscal year's appropriations for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

Base Adjustment. The general fund base is decreased by ~~\$4,427,000~~ \$4,441,000 in fiscal years 2016 and 2017.

Mental Health Pilot Project. \$230,000 each year is for a grant to the Zumbro Valley Mental Health Center. The grant shall be used to implement a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes and savings to the commissioner of human services by January 15, 2016. This is a onetime appropriation.

High-risk adults. \$200,000 in fiscal year 2014 is for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults

under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.

(m) Child Mental Health Grants	18,246,000	20,636,000
---------------------------------------	------------	------------

Text Message Suicide Prevention Program. \$625,000 in fiscal year 2014 and \$625,000 in fiscal year 2015 is for a grant to a nonprofit organization to establish and implement a statewide text message suicide prevention program. The program shall implement a suicide prevention counseling text line designed to use text messaging to connect with crisis counselors and to obtain emergency information and referrals to local resources in the local community. The program shall include training within schools and communities to encourage the use of the program.

Mental Health First Aid Training. \$22,000 in fiscal year 2014 and \$23,000 in fiscal year 2015 is to train teachers, social service personnel, law enforcement, and others who come into contact with children with mental illnesses, in children and adolescents mental health first aid training.

Funding Usage. Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(n) CD Treatment Support Grants	1,816,000	1,816,000
--	-----------	-----------

SBIRT Training. (1) \$300,000 each year is for grants to train primary care clinicians to provide substance abuse brief intervention and referral to treatment (SBIRT). This is a onetime appropriation. The commissioner of human services shall apply to SAMHSA for an SBIRT professional training grant.

(2) If the commissioner of human services receives a grant under clause (1) funds appropriated under this clause, equal to the grant amount, up to the available appropriation, shall be transferred to the

Minnesota Organization on Fetal Alcohol Syndrome (MOFAS). MOFAS must use the funds for grants. Grant recipients must be selected from communities that are not currently served by federal Substance Abuse Prevention and Treatment Block Grant funds. Grant money must be used to reduce the rates of fetal alcohol syndrome and fetal alcohol effects, and the number of drug-exposed infants. Grant money may be used for prevention and intervention services and programs, including, but not limited to, community grants, professional education, public awareness, and diagnosis.

Fetal Alcohol Syndrome Grant. \$180,000 each year from the general fund is for a grant to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) to support nonprofit Fetal Alcohol Spectrum Disorders (FASD) outreach prevention programs in Olmsted County. This is a onetime appropriation.

Base Adjustment. The general fund base is decreased by \$480,000 in fiscal year 2016 and \$480,000 in fiscal year 2017.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2013.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; making supplemental appropriations and reductions in appropriations for higher education, jobs and economic development, public safety, corrections, transportation, environment, natural resources, and agriculture, early childhood through grade 12 and adult education, health and human services; making forecast adjustments; modifying prior appropriations; modifying disposition of certain revenues; creating accounts; requiring reports; providing penalties; authorizing rulemaking; amending Minnesota Statutes 2012, sections 3.099, subdivision 3; 13.43, subdivision 16; 13.46, subdivision 4; 15A.082, subdivision 4; 16A.125, subdivision 5; 16C.16, subdivision 6a; 16C.19; 18B.01, by adding subdivisions; 18B.03, by adding a subdivision; 18B.04; 85.34, subdivision 7; 85A.02, subdivision 2; 93.22, subdivision 1; 93.2236; 103G.251; 103G.271, subdivisions 5, 6; 103G.281, by adding a subdivision; 115E.08, by adding a subdivision; 116J.8731, subdivision 5; 116L.98; 122A.18, by adding a subdivision; 122A.414, subdivision 2; 122A.415, subdivision 1; 123A.05, subdivision 2; 123A.485; 123A.64; 123B.71, subdivisions 8, 9; 124D.09, subdivisions 9, 13; 124D.111, by adding subdivisions; 124D.1158, subdivisions 3, 4; 124D.13, subdivisions 2, 4, 9, 13, by adding subdivisions; 124D.135,

subdivisions 1, 3; 124D.522; 124D.531, subdivision 3; 124D.59, subdivision 2; 125A.08; 126C.10, subdivisions 25, 26, 28; 127A.45, subdivision 2; 127A.49, subdivisions 2, 3; 129C.10, subdivision 3, by adding a subdivision; 136A.01, subdivision 2; 136A.1702; 136A.1785; 144.1501, subdivision 1; 144.551, subdivision 1; 144A.073, by adding a subdivision; 144A.33, subdivision 2; 148.624, by adding a subdivision; 148B.53, subdivision 3; 150A.091, by adding a subdivision; 153.16, by adding a subdivision; 154.11, as amended; 155A.27, by adding a subdivision; 165.15, subdivision 2; 169.011, by adding a subdivision; 169.06, subdivision 4, by adding a subdivision; 169.14, subdivision 5d, by adding a subdivision; 169.305, subdivision 1; 169.826, by adding a subdivision; 169.8261, by adding a subdivision; 169.86, subdivision 5; 169.863, by adding a subdivision; 169.865, subdivisions 1, 2, by adding a subdivision; 169.866, subdivision 3, by adding a subdivision; 171.02, subdivision 3; 171.06, subdivision 2; 174.02, by adding a subdivision; 181.940, subdivision 2; 181A.07, by adding a subdivision; 216B.16, by adding a subdivision; 216B.1611, by adding a subdivision; 216B.241, subdivision 1d; 216C.145; 216C.146; 219.015, subdivisions 1, 2; 245.466, by adding a subdivision; 245A.04, by adding a subdivision; 245C.03, by adding a subdivision; 245C.04, by adding a subdivision; 245C.05, subdivision 5; 245C.10, by adding a subdivision; 245C.33, subdivisions 1, 4; 252.451, subdivision 2; 253B.066, subdivision 1; 254B.04, subdivision 3; 254B.12; 256.01, by adding a subdivision; 256.9685, subdivisions 1, 1a; 256.9686, subdivision 2; 256.969, subdivisions 1, 2, 2b, 3a, 3b, 3c, 6a, 8, 8a, 9, 10, 12, 14, 17, 18, 25, 30, by adding subdivisions; 256.9752, subdivision 2; 256B.04, by adding a subdivision; 256B.0615, subdivision 3; 256B.0624, subdivisions 2, 5, 6, 10; 256B.0625, subdivisions 18b, 18c, 18d, 18g, 30, by adding subdivisions; 256B.199; 256B.35, subdivision 1; 256B.5012, by adding a subdivision; 256D.02, subdivisions 8, 12; 256D.05, subdivision 5; 256D.06, subdivision 1; 256D.08, subdivision 1, by adding a subdivision; 256D.10; 256D.405, subdivisions 1, 3; 256D.425, subdivision 2; 256I.03, by adding a subdivision; 256I.04, subdivision 1; 256I.05, subdivision 2; 256J.08, subdivisions 47, 57, 83, by adding a subdivision; 256J.10; 256J.21, subdivision 4; 256J.30, subdivision 4; 256J.32, subdivision 1; 256J.33, subdivision 2; 256J.37, as amended; 256J.425, subdivisions 1, 7; 256J.49, subdivision 13; 256J.53, subdivisions 1, 2, 5; 256J.531; 256J.95, subdivisions 8, 9, 10; 257.85, subdivision 11; 260B.198, subdivision 7; 260C.212, subdivision 1; 260C.515, subdivision 4; 260C.611; 268A.01, subdivision 14; 298.28, subdivisions 2, 7a, as added; 299F.012, subdivisions 1, 2; 326.04, by adding a subdivision; 326.10, by adding a subdivision; 326.3382, by adding a subdivision; 326A.04, by adding a subdivision; 645.241; Minnesota Statutes 2013 Supplement, sections 15A.082, subdivisions 1, 3; 116V.03; 122A.40, subdivision 8; 122A.41, subdivision 5; 123B.53, subdivision 1; 123B.54; 123B.75, subdivision 5; 124D.10, subdivision 8; 124D.11, subdivision 1; 124D.111, subdivision 1; 124D.165, subdivisions 3, 4, 5; 124D.531, subdivision 1; 124D.862, subdivisions 1, 2; 125A.11, subdivision 1; 125A.76, subdivisions 1, 2a, 2b, 2c; 125A.79, subdivisions 1, 5, 8; 126C.05, subdivision 15; 126C.10, subdivisions 2a, 2d, 13a, 24, 31; 126C.17, subdivisions 6, 7b, 9, 9a; 126C.40, subdivision 1; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; 127A.70, subdivision 2; 145.4716, subdivision 2; 148B.17, subdivision 2; 174.12, subdivision 2; 174.42, subdivision 2; 245.8251; 245A.03, subdivision 7; 245A.042, subdivision 3; 245A.16, subdivision 1; 245C.08, subdivision 1; 245D.02, subdivisions 3, 4b, 8b, 11, 15b, 29, 34, 34a, by adding a subdivision; 245D.03, subdivisions 1, 2, 3, by adding a subdivision; 245D.04, subdivision 3; 245D.05, subdivisions 1, 1a, 1b, 2, 4, 5; 245D.051; 245D.06, subdivisions 1, 2, 4, 6, 7, 8; 245D.071, subdivisions 3, 4, 5; 245D.081, subdivision 2; 245D.09, subdivisions 3, 4a; 245D.091, subdivisions 2, 3, 4; 245D.10, subdivisions 3, 4; 245D.11, subdivision 2; 256B.04, subdivision 21; 256B.055, subdivision 1; 256B.06, subdivision 4; 256B.0625, subdivisions 17, 18e; 256B.0949, subdivision 11; 256B.439, subdivisions 1, 7; 256B.441, subdivisions 53, 63; 256B.4912, subdivision 1; 256B.4913, subdivision 4a; 256B.4914, subdivisions 2, 4, 5, 6, 7, 9, 10,

15; 256B.492; 256B.69, subdivision 34; 256B.85, subdivisions 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, 23, 24, by adding subdivisions; 256J.21, subdivision 3; 256J.30, subdivision 9; 256N.02, by adding a subdivision; 256N.21, subdivision 2, by adding a subdivision; 256N.22, subdivisions 1, 2, 4, 6; 256N.23, subdivisions 1, 4; 256N.24, subdivisions 9, 10; 256N.25, subdivisions 2, 3; 256N.26, subdivision 1; 256N.27, subdivision 4; 326A.04, subdivision 5; Laws 2008, chapter 363, article 5, section 4, subdivision 7, as amended; Laws 2009, chapter 83, article 1, section 10, subdivision 7; Laws 2010, chapter 189, sections 15, subdivision 12; 26, subdivision 4; Laws 2012, chapter 247, article 4, section 47; Laws 2012, chapter 287, article 2, sections 1; 3; Laws 2012, First Special Session chapter 1, article 1, section 28; Laws 2013, chapter 1, section 6, as amended; Laws 2013, chapter 85, article 1, section 3, subdivisions 2, 6; Laws 2013, chapter 86, article 1, sections 12, subdivisions 1, 3, 4, 6, 7; 13; Laws 2013, chapter 99, article 3, section 3; Laws 2013, chapter 108, article 1, section 24; article 7, section 49; article 14, sections 2, subdivisions 1, 3, 4, 5, 6; 3, subdivisions 1, 4; 4, subdivision 8; 12; Laws 2013, chapter 114, article 3, section 3, subdivision 6; article 4, section 47; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, 3, 4, 5, 6, 7, 11; article 3, section 37, subdivisions 3, 4, 5, 6, 8, 15, 20; article 4, section 9, subdivision 2; article 5, section 31, subdivisions 2, 3, 4, 5, 8; article 6, section 12, subdivisions 2, 3, 4, 6; article 7, section 21, subdivisions 2, 3, 4, 6, 7, 9; article 8, section 5, subdivisions 2, 3, 4, 8, 9, 10, 11, 14; article 9, section 2; Laws 2013, chapter 117, article 1, sections 3, subdivisions 2, 3, 6; 4; 5, subdivisions 2, 3, 4; Laws 2013, chapter 143, article 11, section 10; proposing coding for new law in Minnesota Statutes, chapters 3; 18B; 87A; 92; 103G; 123A; 123B; 129C; 135A; 136A; 144; 144A; 148; 168; 171; 197; 219; 256L; 268A; 299A; 473; proposing coding for new law as Minnesota Statutes, chapter 256P; repealing Minnesota Statutes 2012, sections 116J.997; 123B.71, subdivision 1; 256.969, subdivisions 2c, 8b, 9a, 9b, 11, 13, 20, 21, 22, 26, 27, 28; 256.9695, subdivisions 3, 4; 256D.06, subdivision 1b; 256D.08, subdivision 2; 256D.405, subdivisions 1a, 2; 256J.08, subdivisions 42, 55a, 82a; 256J.20; 256J.24, subdivision 9; 256J.32, subdivisions 2, 3, 4, 5a, 6, 7, 7a, 8; Minnesota Statutes 2013 Supplement, sections 256B.0625, subdivision 18f; 256J.08, subdivision 24; 256N.26, subdivision 7; Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 2128 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 3172 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Senator Rosen introduced—

S.F. No. 2959: A bill for an act relating to human services; providing a rate increase for certain nursing facilities; amending Minnesota Statutes 2012, section 256B.441, by adding a subdivision.

Referred to the Committee on Finance.

MOTIONS AND RESOLUTIONS

Senator Schmit moved that the name of Senator Hoffman be added as a co-author to S.F. No. 2227. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. Nos. 1689, 2310 and 1725.

SPECIAL ORDER

S.F. No. 1689: A bill for an act relating to insurance; authorizing certain benefits for Minnesota FAIR plan employees; providing certain conforming and technical changes; amending Minnesota Statutes 2012, sections 43A.27, subdivision 2; 65A.35, subdivision 5.

Senator Metzen moved to amend S.F. No. 1689 as follows:

Page 2, line 7, before the period, insert ", unless the commissioner determines that making these employees eligible to purchase this coverage would cause the state employee group insurance program to lose its status as a governmental plan or would cause the program to be treated as a multiemployer welfare arrangement"

Page 2, line 31, before the period, insert ", except as otherwise provided in section 43A.27, subdivision 2, clause (6)"

The motion prevailed. So the amendment was adopted.

S.F. No. 1689 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 42 and nays 22, as follows:

Those who voted in the affirmative were:

Bakk	Eaton	Johnson	Pappas	Sparks
Bonoff	Eken	Kent	Reinert	Stumpf
Carlson	Franzen	Koenen	Rest	Tomassoni
Champion	Gazelka	Latz	Rosen	Torres Ray
Clausen	Hawj	Limmer	Saxhaug	Wiger
Cohen	Hayden	Lourey	Scalze	Wiklund
Dahle	Hoffman	Marty	Sheran	
Dibble	Housley	Metzen	Sieben	
Dziedzic	Jensen	Nelson	Skoe	

Those who voted in the negative were:

Anderson	Fischbach	Newman	Petersen, B.	Weber
Benson	Hall	Nienow	Pratt	Westrom
Brown	Hann	Ortman	Ruud	
Chamberlain	Ingebrigtsen	Osmek	Senjem	
Dahms	Kiffmeyer	Pederson, J.	Thompson	

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2310: A bill for an act relating to state government; eliminating or modernizing antiquated, unnecessary, and obsolete language; amending Minnesota Statutes 2012, sections 16E.01, as amended; 16E.03, subdivision 2; 16E.035; 16E.05, subdivision 1; Minnesota Statutes 2013 Supplement, sections 16E.04, subdivision 2; 16E.18, subdivision 8; repealing Minnesota Statutes 2012, sections 16E.02, subdivisions 2, 3; 16E.03, subdivision 8; 16E.0475.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Jensen	Ortman	Sheran
Bakk	Eaton	Johnson	Osmek	Sieben
Benson	Eken	Kent	Pappas	Skoe
Bonoff	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Brown	Franzen	Koenen	Petersen, B.	Stumpf
Carlson	Gazelka	Latz	Pratt	Thompson
Chamberlain	Hall	Limmer	Reinert	Tomassoni
Champion	Hann	Lourey	Rest	Torres Ray
Clausen	Hawj	Marty	Rosen	Weber
Cohen	Hayden	Metzen	Ruud	Westrom
Dahle	Hoffman	Nelson	Saxhaug	Wiger
Dahms	Housley	Newman	Scalze	Wiklund
Dibble	Ingebrigtsen	Nienow	Senjem	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1725: A bill for an act relating to public safety; providing for accreditation of forensic laboratories; proposing coding for new law in Minnesota Statutes, chapter 299C.

Senator Latz moved to amend S.F. No. 1725 as follows:

Page 3, line 22, delete the fourth comma

Page 3, delete section 2

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1725 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chamberlain	Dibble	Gazelka	Housley
Bakk	Champion	Dziedzic	Hall	Ingebrigtsen
Benson	Clausen	Eaton	Hann	Jensen
Bonoff	Cohen	Eken	Hawj	Johnson
Brown	Dahle	Fischbach	Hayden	Kent
Carlson	Dahms	Franzen	Hoffman	Kiffmeyer

Koenen	Newman	Pratt	Senjem	Tomassoni
Latz	Nienow	Reinert	Sheran	Torres Ray
Limmer	Ortman	Rest	Sieben	Weber
Lourey	Osmek	Rosen	Skoe	Westrom
Marty	Pappas	Ruud	Sparks	Wiger
Metzen	Pederson, J.	Saxhaug	Stumpf	Wiklund
Nelson	Petersen, B.	Scalze	Thompson	

So the bill, as amended, was passed and its title was agreed to.

RECESS

Senator Bakk moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Senator Bakk moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 3167: A bill for an act relating to financing of state and local government; making changes to individual income, property, sales and use, excise, estate, mineral, tobacco, alcohol, special, local, and other taxes and tax-related provisions; providing for and increasing credits; modifying local government aids; modifying exclusions, exemptions, and levy deadlines; imposing a tax on solar energy production; modifying sales, use, and excise tax exemptions; changing sales, use, and excise tax remittances; modifying certain local sales and use taxes; allowing for temporary sales and use tax amnesty; modifying income tax credits and subtractions; clarifying estate tax provisions; providing for certain local development projects; changing license revocation procedures; modifying installment payments; modifying certain county levy authority; allocating additional tax reductions for border cities; removing obsolete, redundant, and unnecessary laws and administrative rules administered by the Department of Revenue; making various policy and technical changes; requiring a report; appropriating money; amending Minnesota Statutes 2012, sections 16D.02, subdivisions 3, 6; 16D.04, subdivisions 3, 4; 16D.07; 16D.11, subdivisions 1, 3, 7; 84A.20, subdivision 2; 84A.31, subdivision 2; 115B.49, subdivision 4; 116J.8737, by adding a subdivision; 163.06, subdivision 1; 270.11, subdivision 1; 270.12, subdivisions 2, 4; 270.87; 270A.03, subdivision 2; 270B.14, subdivision 3; 270C.085; 270C.34, subdivision 2; 270C.52, subdivision 2; 270C.56, subdivision 3; 270C.72, subdivisions 1, 3; 272.01, subdivisions 1, 3; 272.02, subdivisions 10, 24; 272.0211, subdivisions 1, 2; 272.025, subdivision 1; 272.027, subdivision 1; 272.029, subdivisions 4a, 6; 272.03, subdivision 1; 273.01; 273.061, subdivision 6; 273.10; 273.11, subdivision 13; 273.112, subdivision 6a; 273.13, subdivision 34; 273.1384, subdivision 2; 273.18; 273.33, subdivision 2; 273.37, subdivision 2; 273.3711; 274.01, subdivisions 1, 2; 274.014, subdivision 3; 275.025, subdivision 2; 275.065, subdivision 1; 275.08, subdivisions

1a, 1d; 275.74, subdivision 2; 275.75; 279.03; 279.16; 279.23; 279.25; 280.001; 280.03; 280.07; 280.11; 281.03; 281.327; 282.01, subdivision 6; 282.04, subdivision 4; 282.261, subdivisions 2, 4, 5; 282.322; 287.30; 289A.02, subdivision 7, as amended; 289A.18, subdivision 2; 289A.25, subdivision 1; 289A.60, subdivision 15; 290.01, subdivisions 5, 19f, 29; 290.015, subdivision 1; 290.068, subdivision 1; 290.07, subdivisions 1, 2; 290.0922, subdivision 3; 290.095, subdivision 3; 290.9728, subdivision 2; 296A.01, subdivision 16; 297A.67, subdivision 13a, by adding a subdivision; 297A.68, by adding a subdivision; 297A.70, subdivision 10; 297A.71, by adding a subdivision; 297A.94; 297B.03; 297B.09; 297F.03, subdivision 2; 297F.09, subdivision 10; 297G.03, by adding a subdivision; 297G.09, subdivision 9; 297I.05, subdivision 14; 298.75, subdivisions 1, 2; 383D.41, by adding a subdivision; 383E.21, subdivisions 1, 2; 412.131; 469.171, subdivision 6; 469.176, subdivisions 1b, 3; 469.1763, subdivision 3; 469.177, subdivision 3; 473.665, subdivision 5; 477A.0124, subdivision 5; 477A.014, subdivision 1; 477A.03, by adding a subdivision; 611.27, subdivisions 13, 15; Minnesota Statutes 2013 Supplement, sections 116J.8737, subdivision 2, as amended; 116J.8738, subdivisions 2, 3, 4; 270B.01, subdivision 8; 270B.03, subdivision 1; 273.032; 273.1325, subdivisions 1, 2; 273.1398, subdivisions 3, 4; 275.70, subdivision 5; 279.37, subdivision 2; 281.17; 289A.20, subdivision 4; 290.01, subdivisions 19, as amended, 19b, as amended, 19d, 31, as amended; 290.068, subdivisions 3, 6a; 290.091, subdivision 2, as amended; 290.0921, subdivision 3; 290.191, subdivision 5; 290A.03, subdivision 15, as amended; 290C.03; 291.005, subdivision 1, as amended; 297A.61, subdivision 3, as amended; 297A.68, subdivisions 42, 44; 297A.70, subdivisions 2, 13, 14; 297A.75, subdivisions 1, 2, 3; 297B.01, subdivision 16; 360.531, subdivision 2; 403.162, subdivision 5; 423A.02, subdivision 3; 423A.022, subdivisions 2, 3; 465.04; 469.169, by adding a subdivision; 469.1763, subdivision 2; 477A.013, subdivision 8; 477A.03, subdivision 2a; 477A.12, subdivision 1; 477A.14, subdivision 1; Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4; Laws 2006, chapter 259, article 3, sections 10, subdivisions 3, 4, 5; 11, subdivisions 3, 4, 5; Laws 2008, chapter 366, article 10, section 15; Laws 2013, chapter 143, article 8, sections 3; 37; article 9, section 23; article 11, section 10; Laws 2014, chapter 150, article 3, section 4; proposing coding for new law in Minnesota Statutes, chapters 69; 116J; 168A; 272; 290; 383A; 477A; repealing Minnesota Statutes 2012, sections 16D.02, subdivisions 5, 8; 16D.11, subdivision 2; 270C.131; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, 82; 272.027, subdivision 2; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.1398, subdivision 4b; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 289A.56, subdivision 7; 290.01, subdivisions 4b, 19e, 20e; 290.06, subdivisions 30, 31; 290.0674, subdivision 3; 290.191, subdivision 4; 290.33; 290C.02, subdivisions 5, 9; 290C.06; 295.52, subdivision 7; 297A.666; 297A.68, subdivision 38; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.1764; 469.177, subdivision 10; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, 5; 469.341; 477A.0124, subdivisions 1, 6; 505.173; Minnesota Statutes 2013 Supplement, sections 273.1103; 469.340, subdivision 4; 477A.085; Laws 1993, chapter 375, article 9, section 47; Laws 2014, chapter 150, article 1, section 17; Minnesota Rules, parts 8002.0200, subpart 8; 8007.0200; 8100.0800; 8130.7500, subpart 7; 8130.8900, subpart 3; 8130.9500, subparts 1, 1a, 2, 3, 4, 5.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Taxes without recommendation. Report adopted.

84TH DAY]

MONDAY, APRIL 7, 2014

7817

MEMBERS EXCUSED

Senators Goodwin, Miller and Schmit were excused from the Session of today.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Tuesday, April 8, 2014.
The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate

