

**Colleen Wieck**

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**From:** Fry, Melanie [Melanie.Fry@state.mn.us]  
**Sent:** Monday, May 17, 2004 4:35 PM  
**To:** Colleen.Wieck@state.mn.us  
**Subject:** FW: Legislative Session Wrap-up

-----Original Message-----

**From:** Commissioner DHS  
**Sent:** Monday, May 17, 2004 4:23 PM  
**Subject:** Legislative Session Wrap-up

To: DHS Employees

From: Commissioner Kevin Goodno

Subject: Legislative Session Wrap-up

As you know, the Legislature adjourned on Sunday without reaching a budget agreement. I'm writing today to provide a brief update on some policy items that did pass and what we know right now about our budget situation.

First, the budget. You will recall the February forecast showed a state general fund deficit of \$160 million. Last week Gov. Pawlenty announced \$97 million in solutions that could be achieved without legislation: a reduced transfer to the Health Care Access Fund (\$80 million) and a 3 percent administrative budget reduction as proposed in his budget in February (\$17 million total for all state agencies).

Today the governor announced how he will close the remaining \$63 million gap, including reducing the transfer to the Health Care Access Fund by an additional \$30 million, increasing tax compliance efforts at the Department of Revenue and saving \$18 million by delaying or freezing bonds for previously authorized capital projects.

At DHS, we will begin implementing the governor's directive to reduce Central Office general fund operating spending by 3 percent in fiscal year 2005, which begins July 1 of this calendar year. This is a reduction that we have been planning for and, while challenging, is more realistic for us to manage than the worst case scenario in the Senate bill that I had written to you about several weeks ago.

On the policy side, our staff successfully worked to preserve many of the ideas we had initially advanced. In health care, disease management and cost containment strategies will move forward, in addition to work on best practices and electronic medical records. We were able to win approval of changes in the patient bill of rights and data practices act that will help improve safety in our sex offender programs, both for our employees and for the public. We also received approval to conduct a pilot on the equalization of benefits rates for adoption assistance relative custody assistance and foster care. And we were able to secure a number of technical fixes. For example, we were able to change an overly broad application of the provider tax, which would have had a detrimental affect on counties and schools.

5/18/2004

I want to thank the staff involved in these and other efforts for their perseverance. Even this past weekend, you were able to move things forward that had seemed stalled.

Over the next several days, we will continue to analyze the session's implications for human services, as well as next steps. As always, I will keep you informed when we have more information.

5/18/2004