



Legislative Session Summary 2010



Minnesota Workforce Council Association

125 Charles Avenue
Saint Paul, Minnesota
55103
www.mwca-mn.org

Anne Olson, Director
aolson@mncounties.org
(651) 789-4323

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Source Documents:

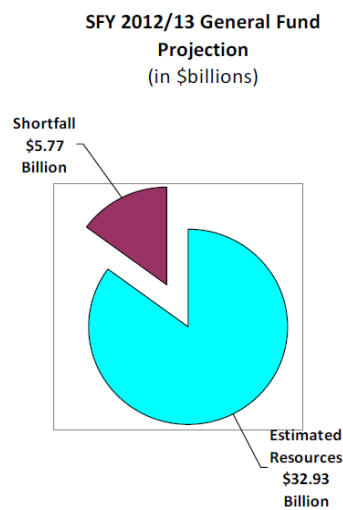
Association of Minnesota Counties Legislative Session Summary; www.mncounties.org
Department of Human Services Bulletin #10-11-03; www.dhs.state.mn.us
Minnesota Inter-County Association Legislative Session Summary; www.mica.org
Session Weekly 2010 Session Wrap Up; www.leg.state.mn.us

2010 Session Overview

The start of the 2010 legislative session was preceded with the usual fervor and buzz as policy makers in St. Paul outlined plans to “hit the ground running,” “act quickly on major legislation,” and conclude the session prior to the Easter/Passover recess, even though they faced a \$1.2 billion deficit. Surprisingly the legislature did begin things quickly, enacting a sizable bonding bill, passing new General Assistance Medicare Care (GAMC) legislation and addressing about 1/3 of the budget deficit by late March. Budgets proposed by both

require \$188 million in state resources but draw down \$1.4 billion of new Federal money. The new Medicaid program would have covered adults at 75% of the federal poverty level using 50% federal money in the first year which could have saved the state dollars otherwise being spent on GAMC and MinnesotaCare. However, some legislators balked at the required state match or raised general concerns about the federal legislation and in the end the decision will be left to the next governor who has until January 15, 2011 to opt-in to the new Medicaid program.

SFY 2010/11 General Fund Changes (in \$1,000's) 2010 Legislative Session	
Major Programs	SFY 2010/11
E-12 Education:	
Shifts	-\$1,961,253
Reductions	-\$1,942
Higher Education -	-\$147,154
Environment & Energy:	
Closed Landfill Investment Fund Transfer In	-\$40,000
Reductions	-\$17,794
Agriculture & Veterans	-\$6,939
Economic Dev.	-\$8,610
Transportation	-\$27,948
Public Safety	-\$22,809
State Government:	
Cash Flow Acct. Transfer In	-\$84,000
Health Care Access Fnd. Trf. In	-\$40,000
Reductions	-\$9,566
Tax, Aids & Property Tax Credits:	
Refund Delays	-\$152,000
Reductions	-\$475,760
Health & Human Services	-\$355,650
Misc. Spending	\$4,000
New Revenues	\$83,765
Net Change	-\$3,431,190



The legislature and the governor remained locked in negotiations which ramped up the final weekend of session. Although a compromise was reached on May 16, the last day the legislature can act on bills, the bill itself couldn't be prepared in time and the legislature adjourned the 2010 regular session without a completed budget. The remaining budget items, and the majority of human services legislation, passed in a one-day special session on May 17. The legislature 'ratified' most of the unallotments previously made by the governor for 2010-11 but restored or minimized the impact of a few items of concern to counties.

the legislature and the governor relied upon \$408 million of federal dollars for a Federal Medicaid Assistance Program (FMAP) extension; when it became apparent that those dollars were not going to materialize before the conclusion of session things quickly ground to a halt.

To make things even more complicated, the passage of federal healthcare reform legislation added a new debate over whether or not to participate in a new Medicaid program that would

Looking ahead to the 2011 session, legislators have not made things easier. The budget deficit for the coming biennium is forecast to be between \$5 billion and \$7 billion, depending on whether or not you include inflation, which means that the real heavy lifting has yet to be done. It is a near certainty that the state's current fiscal situation will be a campaign issue throughout the summer and fall. Counties should be aware that the projected deficit next biennium is five times larger than the deficit addressed this past session.



Minnesota Workforce Council Association 2010 State Legislative Platform

Policy Issues

Workforce and Employment

- MWCA recommends strengthening the governance and oversight responsibilities of the private sector-led local workforce councils and the role of local elected officials as envisioned in the Workforce Investment Act, allowing them to:
 - Make decisions on how best to spend funding and achieve requirements within broad guidelines established by state and federal agencies.
 - Determine Workforce Service Area boundaries and select physical site locations of WorkForce Centers.
 - Create a local workforce service area plan that is not a program compliance document, but a comprehensive strategy to maximize resources and eliminate duplication of services.
 - Use their authority to set the direction for workforce development in Minnesota and to convene and engage partners from economic development and education in these efforts.
- MWCA opposes changes to the Workforce Development System prior to reauthorization of the Workforce Investment Act at the Federal level; doing otherwise could lead to increased discrepancies between state and federal law.

Minnesota Family Investment Program

- MWCA recommends modification of community work experience personal injury coverage to minimize County/provider and worksite liability. We encourage the State to take out policies to provide workers compensation insurance coverage for those participating in community work experience programs.

Funding Issues

Workforce Development Fund for Dislocated Worker Programs

- MWCA seeks support from the legislature in securing additional resources for Dislocated Worker programs, which provide support and retraining services to individuals who have lost their jobs through no fault of their own.

Emergency Jobs / Stimulus Legislation

MWCA believes any job stimulus plan should: take effect quickly; target unemployed workers; anticipate and address future workforce needs; promote regional competitiveness; and be fiscally responsible. Many unemployed workers would benefit from increased access to short-term opportunities allowing them to utilize or improve their current skills while searching for a permanent job.

- MWCA supports the implementation of an Emergency Jobs program, providing a wage subsidy to employers who make available opportunities to unemployed workers by creating new private and public jobs which pay competitive wages and incorporates a plan to upgrade the worker's current skills.

Workforce and Employment

- MWCA advocates for the restoration of general funds for the Minnesota Youth Program. MWCA is requesting an appropriation of \$10 million annually to address unemployment, provide work experience and academic enrichment activities to economically disadvantaged and at-risk youth state wide.
- MWCA encourages directing Job Skills Partnership Board, Workforce Development Funds, and direct appropriations to local workforce councils, enabling them to partner with local businesses and economic developers to provide on-the-job training, short-term specific job training and soft skills training for MFIP recipients, job seekers, and incumbent workers.
- MWCA recommends the creation of appropriations which can be used to provide employment and career guidance services to the general population.
- MWCA supports allocations which would promote partnerships between Adult Basic Education, Minnesota State Colleges and Universities, and employment and training providers at the local level.

Minnesota Family Investment Program

- MWCA recommends, in an effort to help Counties meet new Federal participation requirements, providing funding to employment service providers:
 - for transportation, tools and clothing expenses for welfare recipients who are participating in required work activities;
 - to continue to implement work experience, supported work, and volunteer work activities
 - to successfully meet the intention of the new Family Stabilization Services program, which is designed to provide more extensive service to families who are not making progress in MFIP due to significant barriers to employment.
- MWCA recommends including education as an allowable activity under MFIP.

Other Issues of Association Interest

- MWCA advocates for workforce development efforts that help prepare and integrate immigrants, aging workers, ex-offenders, the homeless, and people with disabilities into the workforce.
- MWCA supports collaborative efforts to address affordable health insurance coverage for laid off and underemployed workers.
- MWCA is supportive of restoring funding for childcare programs that help to encourage families to remain productively employed and that prevent families from returning to MFIP.
- MWCA recommends increasing funding to enhance the local capacity to train individuals to become nurses, health care workers and other high demand occupations identified in local areas.
- MWCA supports amending the Food Support Employment and Training (FSET) program to provide sufficient funding to implement the program state-wide and to maximize federal match opportunities.
- MWCA supports efforts to fully invest in Minnesota's critical pre-K, K-12 and Post-Secondary education programs to prepare youth for competitive employment and life-long learning. A special effort should be made to support education in the STEM areas.
- MWCA is supportive of efforts to fully invest in transportation infrastructures to allow for increased access and mobility for Minnesota's workforce
- MWCA supports initiatives that assist in supporting, retaining and expanding Minnesota's business community.
- MWCA is supportive of initiatives which ensure working low- and moderate- income people have access to stable and affordable housing, particularly near areas of employment growth
- The State should consider policies to reduce the number of workers who are losing homes through mortgage foreclosure.

Workforce Development Policy and Budget Division

The Economic Development Supplemental Budget Bill was signed by the Governor with little controversy. The division addresses policies under the jurisdiction of primarily three agencies: the Department of Commerce, the Department of Employment and Economic Development, and the Department of Labor and Industry.

The Governor line-item vetoed two provisions dealing with projects in the Iron Range: a \$2 million grant for renewable energy projects and an appropriation for operating room equipment and renovations at the Virginia Regional Medical Center. In his veto message, the Governor stated that such provisions need to be vetted and approved by Iron Range Resources.

While “jobs” remained a mantra throughout session, budget constraints limited dollars that could be appropriated to employment and training. Legislators are touting the bonding bill as their greatest job creation effort during the session.

Economic Development Supplemental Budget Bill

Access to JSPB Funding

The final proposal included an MWCA amendment originally offered by Representative Tom Rukavina. The amendment allows Workforce Service Areas to approach the Job Skills Partnership Board for additional dislocated worker funding at the beginning of the program year, rather than waiting for two quarters worth of data to be available, as current law mandates. This change in process would be effective for one year only; the goal is to allow WSAs to access funding as soon as possible to address the needs of dislocated workers who are already enrolled in programs or currently on waiting lists waiting for training services.

Unemployment Insurance Staff in Workforce Centers

The legislation also included a provision to place an Unemployment Insurance staff person in each WorkForce Center. This language was subsequently modified in the policy bill, directing DEED and local areas to put together a plan that would allow more flexibility at the local level, to determine how best to utilize the staff resources made available under the legislation.

HF1671/SF3223/CH215

Omnibus Economic Development Policy Bill

Workforce Development Fee

A provision to raise the Workforce Development Fee to .14 (rather than the current level of .12) was discussed but rejected by the committee. As per the language that was passed last year, the fee will remain at .12 until June 30, 2011, and then will sunset to .10.

MnSCU/GWDC Provisions Relating to Workforce Development System

Several provisions relating to the Minnesota State Colleges and Universities (MnSCU) and the Governor’s Workforce Development Council (GWDC) were included. The legislation:

- Directs the GWDC to consult with local workforce councils and DEED to develop an ongoing process to identify and address local gaps in workforce services.

- Revises language with respect to staffing of the Workforce Development Council. Provides that staff report to the Commissioner of DEED.
- Directs the Commissioner of DEED to develop recommendations on a funding formula for allocating Workforce Investment Act funds to the Workforce Development Council. Requires the Commissioner to report to the legislature by January 15, 2011.
- Directs the Commissioner of DEED to develop and implement a set of standard approaches for assessing the outcomes of workforce programs.
- Directs the MNSCU Board to identify colleges offering flexible academic programs that accommodate the needs of laid-off workers and assist other institutions to determine if they should offer similar programs. Directs colleges to increase the number of certificate programs available to meet the needs of the unemployed.
- Directs the Commissioner of DEED, in consultation with workforce service area staff, to develop and implement processes and procedures to ensure that unemployed Minnesotans who go to workforce centers obtain customer service that connects individuals with available resources as specified. Requires the Commissioner to submit reports to the legislature by September 1, 2010, and by January 15, 2011.
- Directs the Workforce Development Council executive committee to submit a report to the legislative committees with jurisdiction over workforce development programs on the performance and outcomes of the workforce centers by January 15, 2011.

HF2781/SF2510/CH347

Health and Human Services Policy and Budget Division

As usual, issues in the human services arena incited the most controversy this session and proved to be the most difficult to settle in regard to the budget. The first effort to address the defunding through unallotment of the GAMC health care program ended in a veto. The second GAMC replacement effort resulted in a slimmed-down program that funneled decrease funding to hospitals and other providers that disproportionately serve the uninsured. Funding for mental health services and county children and community services act grants (CCSA) also helped fund the “New” GAMC, as did savings from slashed provider reimbursement rates.

Passage of the Federal Patient Protection and Accountability Care Act further complicated the GAMC discussion, by offering an enticement to engage the State of Minnesota in early enrollment in the expansion of Medical Assistance for the same population enrolled in GAMC. The early enrollment would bring an estimated \$1 billion in federal dollars to Minnesota for health care. The problem was, in the midst of trying to fill a sizable state deficit, the early enrollment requires a \$1 billion state match.

After much deliberation, a balanced health and human services omnibus bill was delivered to the Governor, but promptly vetoed – in part because the mood had changed regarding the use of federal Medicaid funding for the GAMC population. It became targeted as part of “Obamacare” and the Governor, who had at times indicated that he might be open to this approach, ultimately rejected the proposal. In the end, a compromise was struck that would allow Governor Pawlenty or the next Governor to opt in to the federal program by January 15, 2011. A short (less than 12 hours) special session was needed on May 17 to conclude the final legislative work.

A third and final budget package was finally hammered out between the legislature and governor, but a one-day special session was required to complete their work.

During the 2010 legislative session, the Minnesota Legislature enacted a small number of policy changes and adopted language that clarified or supported current policy for the Minnesota Family Investment Program (MFIP).

TANF Draw-Down for Summer Youth Employment

The Temporary Assistance for Needy Families (TANF) Summer Youth Program is a joint partnership between the Minnesota Departments of Employment and Economic Development (DEED) and Human Services (DHS) and the MWCA to provide additional summer youth opportunities.

At MWCA’s request, with assistance from DHS and DEED, the Health and Human Services Conference Committee included language necessary to allow Minnesota to draw down the federal funding, made available under the American Recovery and Reinvestment Act (ARRA). The language included in the bill permits local program providers can access up to \$6 million total to employ 14-24 year olds this summer.

MFIP Funding for Supported Work

The Governor and the House made several attempts to reduce funding for Minnesota Family Investment Program (MFIP) supported work. At one point during the session, there was discussion of cuts as high as \$14 million to the program. As the conference committee moved through the process, legislative champions and program outcomes ultimately made the case for the importance of the program. Cuts and offsets were made in other portions of the bill, and the funding for supported work remained intact.

Work Benefit

The Work Benefit received by MFIP or DWP participants who exit the program and meet the work participation requirements has been reduced from \$50 to \$25 per month.

Fraud and Work Benefit

New language was added to clarify that a fraud disqualification in MFIP and DWP also applies to the Work Benefit program.

Family Cap

New language was added to the exclusion criteria for family cap policy. The new language requires a child be excluded from the family cap (i.e., eligible for the cash portion of the grant) if the child is the mother's first child subsequent to a pregnancy that did not result in a live birth.

MFIP allows a pregnant woman who has no other eligible natural, adoptive or step-children living with her to be eligible under the pregnant woman (PW) basis of eligibility. The months a woman receives PW benefits count toward the 10-month period under the Family Cap.

Hard-to-Employ Extension Criteria

Language has been added to clarify when a participant certified with an IQ less than 80 or a learning disability has a condition that severely limits the person's ability to obtain or maintain suitable employment for purposes of determining eligibility for an extension to the 60 month lifetime limit or Family Stabilization Services. If a qualified professional determines the condition significantly restricts the range of employment that the person is able to perform; or significantly interferes with the person's ability to obtain or maintain suitable employment for 20 or more hours per week, these participants are considered to have a condition that "severely limits the person's ability to obtain or maintain suitable employment."

Child Under 12 Month Exemption

A modification was made to the universal participation statute to clarify that a participant with a child under 12 months of age who has used this exemption must meet with a job counselor the month after the month the child reaches 12 months of age or the month after the month the participant requests that the exemption end.

HF3088/SF2855/CH301

Other Issues of Interest

Business Loans for Veterans

Veterans who have served actively in the military since September 11, 2001, will be eligible to apply for an interest-free loan to start a business. Veterans may apply to DEED for a loan of up to \$20,000. Funding for the loans will come from an existing but underutilized loan program for businesses that suffer economic injury as a result of having an essential employee called to active duty.

HF2781/SF2510/CH347

Unemployment Changes

A special extension for unemployment insurance benefits was approved, for up to 13 weeks effective June 30, 2010 to March 20, 2011. This replaces a special emergency unemployment compensation program from 2009. Also included are provisions that will guarantee that people who return to work after being on unemployment, only to get laid off a second time, receive a similar level of benefits they had before. The provision also extends eligibility for unemployment insurance benefits to some temporary staffing agency workers who choose not to keep taking temporary jobs.

HF2781/SF2510/CH347

Ladder Out of Poverty

This legislation establishes a “Ladder Out of Poverty Task Force” to help Minnesotans who are struggling economically. The task force will make recommendations on policies that would increase Minnesotans’ financial literacy, reduce predatory lending practices, and encourage the accumulation of personal wealth. The task force will comprise four Senate members, four House members, three Commerce Department Employees and the attorney general or her appointee.

HF2062/SF1770/CH374

Government Collaboration

A new law aims to increase collaboration between all levels of government, creating a nine-member council chaired by the state auditor to develop recommendations to increase collaboration such as:

- Improving delivery of governmental services;
- Connecting entities and sharing information through the use of technology;
- Facilitating credit and debit card transactions and electronic data interchanges;
- Creating model forms for joint powers agreements.

The council members will include the League of Minnesota Cities, Minnesota Association of Townships, Association of Minnesota Counties, Minnesota School Boards Association, American Federation of State, County, and Municipal Employees Council 5, Service Employees International Union, Education Minnesota and the Minnesota Chamber of Commerce.

HF2840/SF2511/CH319

Angel Investor Tax Credit

The Angel Tax Credit will stimulate private investment in emerging businesses and encourage job creation. It provides tax incentives to investors or funds that put money into startup businesses that are focused on high technology or new proprietary technology. Key elements include: a 25 percent tax credit for investments in small, emerging businesses; a maximum credit of \$125,000 per person per year (\$250,000 if married filing jointly); program funding of \$11 million in credits in 2010 and \$12 million in credits annually from 2011 through 2014; and a state refund if credits exceed tax liability. Qualifying businesses must be headquartered in Minnesota and have fewer than 25 employees, with at least 51 percent of the workers

and total payroll based in the state. Businesses must have been operating for no more than 10 years and cannot have received previous equity investments exceeding \$2 million.

HF2695/SF2568/CH216

Mortgage, Foreclosure Updates

Legislation was passed which clarifies that before a lender accepts a reverse mortgage application or assesses any fees, the lender must refer the borrower to an independent housing counseling agency for reverse mortgage counseling; changes the time frame in which a lender can be bound to the loan; and disallows lenders, mortgage brokers or residential mortgage originators from requiring the purchase of an annuity, investment life insurance or long-term care insurance product to obtain a reverse mortgage loan.

HF2699/SF 2430/CH375

Transportation Collaborative

Requires the Commissioner of Transportation to convene regular meetings of the disadvantaged business enterprise program and workforce inclusion collaborative to evaluate MnDOT's disadvantaged business enterprise program and recommend necessary program changes. A report must be submitted to the Legislature by February 1, 2011. Resources may be made available to job training entities for on-the-job training and workforce development initiatives.

HF2807/SF2540/CH351

Thank you to those who worked in partnership with MWCA during the 2010 session and/or provided content for this session summary!

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