



## Legislative Notes

### April 25, 2008

#### State Update

##### Budget negotiations continue

Gov. Tim Pawlenty, having lost a coin toss last week on who would make the first budget negotiations offer, presented a brief proposal on Monday. The governor said he would scale back his original proposal to use \$250 million from the health care access fund to pay for existing health care programs down to \$125 million. In return, he would require DFL leaders to make an additional \$125 million in unspecified cuts. While Senate Assistant Majority Leader Taryl Clark, DFL-St. Cloud, described Pawlenty's proposal as a step forward, she also said that DFL lawmakers would have a hard time accepting any use of the Health Care Access Fund, which they say should be used exclusively to expand health care, not for balancing the budget. Later in the week, Pawlenty sent a letter to House and Senate DFL leaders saying he would make cuts in the state's medical assistance programs and some other health and human services programs if DFLers continue to object to proposals to use the health care fund.

DFL leaders did counter with an offer today that includes cuts totaling \$164 million in areas where there already is some consensus and \$40 million that could be negotiated. The offer also included a second bonding bill, with a proposal for \$107 million in debt service that would fund the Central Corridor transit project and a new Minneapolis Veterans Home. During today's press conference, Speaker of the House Margaret Anderson Kelliher, DFL-Minneapolis, said, "We really want to focus on areas where we can find common ground with what we've seen from the governor so far." Speaker Kelliher also did say that the governor's proposal to cut health care and higher education funding was too severe.

While legislative leaders and the governor negotiate a session-ending deal, the omnibus supplemental budget conference committee continues to meet. This week, the conferees started to adopt same and similar language in the House and Senate bills. The majority of higher education issues are still to be determined. However, the committee did adopt five provisions that are the same in both bills. The adopted provisions are: including the spouse of a veteran as a Minnesota resident for the state grant program, making permanent the use of any state grant surplus to be used for the living and miscellaneous expense, or LME, allowing 5 percent of funds in the TEACH program to be used for administration purposes, transferring authority for the Indian scholarship program and clarifying performance funding for the University of Minnesota.

Lawmakers have three more weeks to wrap things up. We may learn more at Monday evening's budget bill conference committee when conferees discuss higher education. Stay tuned.

## **The House plows through new legislation**

Agriculture and veterans were topics of conversation this week. The Minnesota House took up and amended the Senate Omnibus Agriculture and Veterans policy bill Thursday. The House legislation included a new provision for the Minnesota State Colleges and Universities to report on the “employment, recruitment, retention and retirement of veterans in their nonelected workforce.” The legislation is intended to help track where veterans are working in the state. The comprehensive bill continues to provide \$100,000 to Central Lakes College and Ridgewater College for mental health counseling support in the farm business management programs. It also keeps system representation on the NextGen Energy Board.

Conference committee members also were appointed in the House and Senate on Thursday. These legislators will hammer out the differences between the House and Senate bills. Conferees include Senators Dan Skogen, DFL-Hewitt; Steve Dille, R-Dassel; Steve Murphy, DFL-Red Wing; and Sharon Erickson Ropes, DFL-Winona. Conferees in the House are Mary Ellen Otremba, DFL-Long Prairie; Lyle Koenen, DFL-Clara City; Rod Hamilton, R-Mountain Lake; and Karla Bigham, DFL-Cottage Grove. Rep. Al Juhnke, DFL-Willmar and Sen. Jim Vickerman, DFL-Tracy will rotate the chair position.

## **Pension bill clears commission and heads to House and Senate**

The Legislative Commission on Pensions and Retirement put together the omnibus retirement bill and passed it out of committee this week. It heads next to the House and Senate, where it will be heard Wednesday in the House Governmental Operations, Reform, Technology and Elections committee. Included in the bill are modifications to the Minnesota State Colleges and Universities Individual Retirement Account Plan, or IRAP; handling the identification and disposition of abandoned IRAP accounts; and permitting Higher Education Supplemental Retirement Plan distributions to phased retirement program participants. The bill also provides for an actuarial study of the impact on the Teachers Retirement Association of allowing an additional alternative retirement coverage election for Minnesota State Colleges and Universities faculty after attaining tenure or its equivalent.

## **Governor names tax reform commission**

Gov. Tim Pawlenty, who announced the creation of a tax reform commission in his state of the state address earlier this year, this week made his appointments to the commission. It will be made up of 15 members and will be chaired by a past Minnesota State Colleges and Universities Board of Trustees chair, Michael Vekich. The members will be charged with advising the governor on reforming the state’s tax laws with the goal of making long-term improvements in the revenue system that reflect changes in business practices, demographics and the economy in Minnesota and other states.

## **Federal Update**

### **Secretary Spellings announces No Child Left Behind regulations**

Secretary Margaret Spellings announced that the U.S. Department of Education plans on regulating the No Child Left Behind Act. The regulations principally pertain to areas of accountability and Supplemental Educational Services. The formal Notice of Proposed Rulemaking was released in the April 22 Federal Register, <http://edocket.access.gpo.gov/2008/pdf/E8-8700.pdf>. Public comments will be accepted by June 23, with final regulations expected to be handed down in mid- to late fall.

### **Impact of current turmoil in the financial markets on the availability of student loans**

The Administration and Congress are taking steps to avoid the flight of capital from the Federal Family Educational Loan program (private-market financed) and to assure the availability of loans from the Federal Direct Student Loan program (also known as the direct loan program). While there may be states or locales where the lack of capital may create temporary or even lasting problems for students and campuses that participate in the Federal Family Educational Loan program, a national crisis is not expected.

If Federal Family Educational Loans became unavailable to a campus' students, or if the campus is concerned that lenders will no longer participate in loans to their students, there is an important alternative – the direct loan program. For more information about the federal direct loan program, visit the Department of Education Web site at [www.congressweb.com/t/1/?TCJVARTDSYVYQOG](http://www.congressweb.com/t/1/?TCJVARTDSYVYQOG) and the National Direct Student Loan Coalition at [www.congressweb.com/t/1/?TCJVARTDSYAQSVV](http://www.congressweb.com/t/1/?TCJVARTDSYAQSVV). In recent weeks, several campuses have switched from FFEL to FDSL programs. Nearly 200 public four-year institutions participate in FDSL programs.

### **Farm Bill given extension**

The conference committee, led on the House side by Agriculture Chairman Collin Peterson, D-Minn., began negotiations this week behind the scenes to finish work on the farm bill. Conferees are looking to come to agreement on paying for a \$10 billion increase in spending over 10 years and on whether the bill will include a package of agricultural tax breaks. The negotiations are taking place under the constant threat that the 2002 farm bill will expire. With a one-month extension of the 2002 bill set to expire last Friday, Congress sent President Bush a one-week extension that he signed. The extension expires today, but on Thursday, the House of Representatives and the Senate each passed S. 2903, a bill to temporarily extend farm programs through May 2. Peterson has said there is no question that Congress can complete the bill by the first week in May.

## **Here's What's Happening at the Capitol:**

This schedule shows all meetings that we are aware of at the time of publication that MAY have an impact on the system. This schedule may change. Please watch the House and Senate schedules posted on the Legislature Web site ([www.leg.state.mn.us](http://www.leg.state.mn.us)).

### **Monday, April 28**

9:00 AM

#### **Senate Finance**

Room: 123 Capitol

Chair: Sen. Dick Cohen

Agenda: S.F. 3181-Lourey, T.: State health care programs county-based purchasing requirements modifications.

S.F. 3245-Lourey, T.: Health care cost containment uniform billing forms and electronic claim filing provisions modifications.

S.F. 3673-Lourey, T.: Older adult services community consortiums demonstration project establishment.

S.F. 3122-Doll: Health professional educational loan forgiveness program modification; dental care services access expansion.

S.F. 3294-Erickson Ropes: Disaster relief appropriations state reimbursement requirement.

S.F. 3056-Frederickson: Natural resources department administrative sites sales proceeds use and appropriation.

12:30 PM

#### **House Meets in Session**

1:00 PM

#### **Senate Meets in Session**

Immediately following session

#### **House Ways and Means**

Room: 5 State Office Building

Chair: Rep. Loren Solberg

Agenda: HF2351 (Johnson) State video franchising impact study required, and money appropriated.

HF2866 (Johnson) Broadband service mapping project and inventory funding provided, and money appropriated.

HF3301 (Kalin) Design-build project provisions modified.

HF3625 (Hanson) Natural Resources administrative sites sales proceeds disposition

HF3685 (Moe) Toxic chemical release reporting requirements modified

HF4019 (Greiling) Referendum ballot language modified in cases of renewal of referendum authority.

30 minutes after the last body adjourns.

#### **Joint Committee: Omnibus Supplemental Budget Conference Committee**

Room: 123 Capitol

Chairs: Rep. Lyndon Carlson, Sen. Richard Cohen  
Agenda: Higher Education  
Environment, Natural Resources and Energy

**Wednesday, April 30**

8:00 AM

**Governmental Operations, Reform, Technology and Elections**

Room: 200 State Office Bldg.

Chair: Rep. Gene Pelowski

Agenda: HF3082 (Murphy, M.) Legislative Commission on Pensions and Retirement  
recommendation on the 2008 Omnibus Retirement Bill.

Continuation of discussion on legislative process reform: House Research Department,  
Minnesota Government Relations Council.