

## The Governor's Unallotment Order

### *FY 2003 Budget Brought into Balance*

Minnesota's policymakers started the 2003 Legislative Session facing a General Fund deficit of \$355.5 million for the 2002-03 biennium. Minnesota's constitution requires a balanced budget, so decision-makers needed to act quickly to balance the budget before the biennium ends on June 30, 2003. On January 14, Governor Pawlenty released his FY 2003 Supplemental Budget Proposal, which outlined his plan to address the deficit. Both bodies of the Legislature passed their own budget-balancing plans shortly thereafter. However, the Legislature was unable to come to agreement by the February 7<sup>th</sup> deadline set by the Governor, and therefore Governor Pawlenty used his unallotment authority to balance the 2002-03 budget.

The components of the unallotment order are outlined in Table 1, and described in more detail and measured against our principles for fiscal decision-making below.<sup>1</sup> These principles call for deficit solutions that are balanced, do not put undue burden on low-income families and other vulnerable populations, and follow a thoughtful process that takes the state's needs into account. While the Governor's original proposal did not single out services for low-income and other vulnerable populations for cuts, many of the new items in the unallotment order target such services. In addition, the rules of unallotment forced an unbalanced plan that more heavily relies on spending cuts.

<b>Use of Reserves and Fund Transfers</b>		<b>(83.9)</b>
Budget Reserve		(23.9)
21 <sup>st</sup> Century Mineral Fund		(49.0)
Employee Insurance Trust Fund		(11.0)
<b>Spending Changes</b>		<b>(220.0)</b>
Education		(22.5)
Higher Education		(50.3)
Health & Human Services		(25.4)
Environment		(16.0)
Agriculture		(22.8)
Transportation		(23.6)
Judiciary		(18.3)
Economic Development		(18.9)
State Government		(10.2)
Capital Projects		(12.1)
<b>Revenue Changes</b>		<b>(51.6)</b>
TIF Grants		(1.6)
Delay sales tax refunds		(50.0)
<b>TOTAL</b>		<b>(355.5)</b>
<b>Balance</b>		<b>0.0</b>

Source: Author's analysis of House Fiscal Analysis data

<sup>1</sup> *Principles for State Fiscal Decisions*, [www.mncn.org/bp/fiscalp.pdf](http://www.mncn.org/bp/fiscalp.pdf).

## Plan Summary

The Governor's unallotment order makes \$355.5 million in changes to the 2002-03 budget. Of the total, \$220.0 million comes from spending changes, \$83.9 million from the use of reserves and fund transfers, and \$51.6 million from revenue changes (although the bulk of this may more appropriately be termed a timing shift, rather than an increase in revenues).

The rules of unallotment provide the Governor with a more limited set of choices than are available through the legislative process,<sup>2</sup> and therefore the unallotment order differs in three key ways from the Governor's FY 2003 Supplemental Budget proposal:

- The unallotment order is dominated by spending changes, whereas reserves and transfers make up the largest part of the Governor's Supplemental Budget proposal. The Governor can only unallot from funds with a deficit — in this case, the General Fund. This prevented him from implementing many of the fund transfers and the refinancing of transportation projects that were part of his original proposal.
- The Governor's Supplemental Budget proposal recognized the risk that actual conditions may be worse than projected in the November 2002 Forecast,<sup>3</sup> and left a \$136.6 million positive balance as a cushion for any additional shortfalls that may arise before the end of the 2003 fiscal year.<sup>4</sup> Under unallotment, the Governor can only act to balance the budget.
- The Governor's Supplemental Budget placed some emphasis on making a dent in the 2004-05 deficit, cutting \$306.0 million in 2004-05. Under the rules of unallotment, the Governor was only able to have an impact in FY 2003.

The sections that follow provide more detail about how the unallotment order uses the three budget-balancing tools: use of reserves and fund transfers, spending changes, and revenue changes.

### ***Reserves and Transfers from Other Funds***

Under the Governor's FY 2003 Supplemental Budget proposal, reserves and transfers total \$240.0 million, and make up the largest piece of the plan for balancing the 2002-03 budget. Under unallotment, only \$83.9 million of transfers and reserves were used, which include:

- \$23.9 million from the Budget Reserve, which is also known as the "rainy day fund."
- \$49.0 million from the 21<sup>st</sup> Century Minerals Fund, which was created in 1999 to finance economic development on the Iron Range.
- \$11.0 million from the Employee Insurance Trust Fund. This fund pays medical insurance claims for state employees, and is funded by premiums paid by employees and employers. The transfer reverses General Fund appropriations to the Employee Insurance Trust Fund made in 1998 and 1999.

### ***Spending Changes***

Specific spending reductions in the Governor's Supplemental Budget fall into a few major categories. Many of them are cuts in agency operating budgets. Others are cancellations of amounts that have not yet been distributed, whether because they are likely to be unneeded in FY 2003 or because they were scheduled to be allocated during the second half of the fiscal year. Very few of the spending cuts could be considered major changes in policy. Under unallotment rules, the Governor can cut previously authorized spending, but he cannot implement policy

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<sup>2</sup> Minnesota House of Representatives Research Department, *Unallotment*, [www.house.leg.state.mn.us/hrd/pubs/unallot.pdf](http://www.house.leg.state.mn.us/hrd/pubs/unallot.pdf).

<sup>3</sup> Minnesota Department of Finance, *November 2002 Economic Forecast*, [www.finance.state.mn.us/ffeu/](http://www.finance.state.mn.us/ffeu/). See also Minnesota Budget Project, *November 2002 Forecast Summary*, [www.mncn.org/bp/nov02fs.htm](http://www.mncn.org/bp/nov02fs.htm).

<sup>4</sup> This positive balance includes \$23.9 million in the Budget Reserve.

initiatives, such as the eligibility and service changes to child care, health care, and other assistance programs that were part of the House budget-balancing plan. Such changes require legislative action.

Table 2 measures the changes in each spending area in dollar amounts and as a percentage of that area's General Fund budget under current law. To put the spending cuts in perspective, the 2002-03 deficit of \$355.5 million is 2.5% of FY 2003 General Fund spending, although the cuts will need to be implemented during the last 5 months of the fiscal year.

<b>Table 2: FY 2003 General Fund Spending Changes in Governor's Unallotment Order</b>		
	<b>\$ in millions</b> parentheses indicate negative numbers	<b>Percentage of FY 2003 General Fund Base Budget</b>
<b>Education</b>	(22.5)	(0.4%)
<b>Higher Education</b>	(50.3)	(3.6%)
<b>Health &amp; Human Services</b>	(25.4)	(0.7%)
<b>Environment</b>	(16.0)	(8.9%)
<b>Agriculture</b>	(22.8)	(33.9%)
<b>Transportation</b>	(23.6)	(9.8%)
<b>Judiciary</b>	(18.3)	(2.5%)
<b>Economic Development</b>	(18.9)	(8.8%)
<b>State Government</b>	(10.2)	(2.7%)
<b>Capital Projects</b>	(12.1)	(4.1%)

Source: Author's analysis of House Fiscal Analysis data

In each issue area, the spending changes total includes a small amount of transfers of special funds or new revenues. For example, the unallotment order reduces the transportation General Fund budget by \$23.6 million; \$22.8 million comes from cuts in transportation spending and \$750,000 comes from selling the state airplane and transferring the proceeds to the General Fund. In some cases, transferring special revenues simply draws down an account balance that would not otherwise be used. In others, it means that fewer funds are available for the specified purpose of the account.<sup>5</sup>

In terms of spending changes, the unallotment order released on February 7 largely follows the Governor's Supplemental Budget proposal, although he added a number of additional cuts, particularly in Education and Economic Development. A revised unallotment order was released on February 24 in which some adjustments were made, largely to reflect contractual obligations.

A short overview of the spending changes in each funding area follows. Appendix 1 provides a more comprehensive list of the impact of cuts to programs serving low- and moderate-income persons and other vulnerable populations.

<sup>5</sup> In this analysis, transfers larger than \$10 million are listed in the reserves and transfers category, and smaller transfers and increases in special revenues are included in spending changes.

### **Education - \$22.5 million reduction**

Education is the largest part of the state's General Fund budget, but takes the smallest reduction in percentage terms. The unallotment order makes a significantly larger cut than the Supplemental Budget proposal, which would have cut \$4.8 million. Of greater concern is that the cuts to the Department of Children, Families, and Learning are focused on a very small portion of that agency's budget: services targeted to low-income and disadvantaged populations.

The unallotment order includes all the Education cuts included in the Supplemental Budget proposal, including recapturing reserves that are defined as "excess" from the Early Childhood Family Education (ECFE), Community Education, and School Readiness programs (in the case of ECFE and School Readiness, these funds would otherwise have been redistributed among school districts to fund the programs). It also includes the House proposal to cut Adult Basic Education (ABE) services by replacing the 8% growth factor allowed under current law to 2% in FY 2003. This growth factor was intended to accommodate increased demand for the program, which offers participants academic instruction to earn a high school diploma or equivalent, English as a Second Language (ESL), citizenship, and workplace skills enhancement.

The unallotment order includes a surprising 20 additional line items that were not part of any previous budget-balancing proposal, including cuts in a wide range of services within the Department of Children, Families, and Learning serving low-income and other vulnerable populations.<sup>6</sup> For example, 69% of the FY 2003 allocation for After School Enrichment Grants is cut. This will affect funding for programs that build on community resources to provide out-of-school programs for youth who are struggling with academic success and/or have been involved with the criminal justice system.

### **Higher Education - \$50.3 million reduction**

Higher Education receives the largest cut measured in dollar amounts. The University of Minnesota and Minnesota State Colleges and Universities (MNSCU) system are each cut by \$25 million, and reductions are made in the Higher Education Services Office (HESO), which administers financial aid.

It remains to be seen whether the cuts in Higher Education, coming after significant cuts in 2002, will diminish access to education and training by low-income students and workers. HESO currently has insufficient funds, and as a result, HESO child care and work study funding is no longer available, grants will not be available for summer term, and grant applications for spring term were cut off on January 10, 2003.

The unallotment order differs in two ways from the Governor's Supplemental Budget proposal:

- It cuts the Minnesota Library Information Network.
- It does not include a proposed \$30.0 million transfer from the HESO SELF revolving student loan fund.

### **Health & Human Services - \$25.4 million reduction**

Health & Human Services takes the second largest cut in terms of dollars, although not in terms of percentage of budget. It is, however, a smaller reduction than under the Governor's Supplemental Budget proposal, which included \$38.9 million in reductions in FY 2003 and \$168.5 million in FY 2004-05, covering 33 individual budget items. Under unallotment, the

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<sup>6</sup> In this analysis, spending items are arranged by the House Committee that has jurisdiction over that program. All the spending items for a particular state agency may not appear in the same committee. Although most of the cuts in the Department of Children, Families, and Learning (CFL) fall into the Education category, additional CFL cuts are made in Health & Human Services and Economic Development.

Governor could not include his proposed savings from drawing down special accounts in State Operated Services and cutting the unallocated portion of Supportive Work Grants funded by federal TANF dollars. He also did not implement his proposal to increase surcharge revenues from nursing facilities and intergovernmental transfers from counties with county-owned nursing facilities and thereby increase federal Medicaid funding.

While it does not include the serious cutbacks in child care, health care, and other assistance for struggling families that were proposed by the House, the unallotment order does cut services for vulnerable families. The unallotment order includes reductions in nutrition counseling under the Women, Infants, and Children (WIC) program and a delay in implementing Medical Assistance coverage for certain services for children with autism.

As with Education, Health & Human Services receives cuts under the unallotment order not previously discussed as part of any budget-balancing plan, including:

- A 36% cut to Minnesota Economic Opportunity Grants, which provide core funding for Minnesota's 40 community action agencies. This will result in cuts in the most basic services to needy families, such as transportation, housing and shelter, senior programs, Head Start, food shelves, and emergency services.
- Cuts to Child Care Service Development Grants, which are used to improve the quality of child care, recruit and train child care staff, and develop child care services for special needs children.

#### **Environment - \$16.0 million reduction**

Environmental spending receives one of the larger cuts in percentage terms — its FY 2003 budget is cut by 8.9%. The unallotment order makes most of the cuts the Governor originally proposed, which cover a range of programs in the Pollution Control Agency, Office of Environmental Assistance, Minnesota Zoo, Department of Natural Resources, and Board of Water and Soil Resources.

Under unallotment, the Governor was unable to enact three transfers contained in his original proposal: \$1.1 million in Motor Vehicle Transfer Fee revenues that would otherwise go to the Environmental Fund, \$2.4 million from the sales and use tax on cigarettes that would otherwise go to the Future Resource Fund, and \$11.0 million from the Solid Waste Fund.

#### **Agriculture - \$22.8 million reduction**

The largest cut in percentage terms — 33.9% — is to the area of agriculture. One of the more controversial items in the Governor's Supplemental Budget proposal falls in this area. The Governor proposed cutting \$26.8 million in payments to ethanol producers, arguing that the industry had grown to a level that state support was no longer needed. This initiative was not endorsed by the Legislature. Instead, the House's budget-balancing plan made a \$5.4 million reduction shared by all ethanol producers and the Senate eliminated \$2.3 million in payments to a facility in St. Paul.

The unallotment package brings the ethanol cuts down to \$20.1 million. It also includes some new items not previously slated for cuts, including Value Added Livestock Grants and Beaver Damage Control.

#### **Transportation - \$23.6 million reduction**

Much of the state's funding for transportation comes from outside the General Fund. Under unallotment, 9.8% of transportation's General Fund budget for FY 2003 is cut. This is an area where there are significant differences from the Supplemental Budget proposal. Under the

original proposal, \$130.0 million is made available by financing transportation projects through bonding, rather than cash. Under unallotment, the Governor eliminates \$20.0 million in General Fund dollars for transportation projects (which is not expected to delay any projects in the near-term). He also includes proceeds from the sale of the state airplane and cuts to both Met Council and Non-Metro transit.

### **Judiciary - \$18.3 million reduction**

Under unallotment, the Governor implemented most of the cuts outlined in his original proposal. The order includes a range of cuts to the Uniform Laws Commission, Board on Public Defense, Department of Public Safety, Private Detective and Protective Agent Services Board, Department of Human Rights, Department of Corrections, Ombudsman for Corrections, and Sentencing Guidelines Commission. In addition, cuts are made in the Department of Public Safety related to anti-terrorism equipment and training.

In the original unallotment order, the Governor made cuts to the Supreme Court, Civil Legal Services (Legal Aid), Court of Appeals, and District Courts. One service cut of concern in this area is Legal Aid, which provides low-income people, the elderly, the disabled, and children with critical civil legal services they could not otherwise obtain. It appears that the Governor's unallotment authority does not allow him to make cuts to the state court system. However, the Courts have agreed to voluntarily make total cuts just slightly less than called for in the unallotment order.

### **Economic Development - \$18.9 million reduction**

In the Supplemental Budget proposal, Governor Pawlenty recommended \$9.6 million in cuts. The unallotment order is significantly larger, and makes an 8.8% cut in FY 2003 spending. A wide range of agencies is affected, including the Department of Trade and Economic Development, Minnesota Housing Finance Agency, Department of Economic Security, Minnesota Historical Society, Department of Labor and Industry, Department of Commerce, Bureau of Mediation Services, Minnesota Arts Board, Humanities Commission, Accountancy Board, Architecture Board, Minnesota Technology, Indian Affairs Council, Chicano Latino Affairs Council, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, and Department of Children, Families, and Learning.

The unallotment order largely follows the Governor's original budget proposal, with the exception of a proposed \$15.0 million transfer from the Workers Compensation Fund. He also implements a number of additional cuts of concern to low-income workers and at-risk youth:

- A \$2.3 million cut in the Minnesota Job Skills Partnership and Minnesota Pathways Program, which provide grants to educational institutions working in partnership with businesses to develop training programs targeted to business needs. The Pathways Program focuses on workers who are at or below 200% of federal poverty guidelines or are making the transition from welfare to work. These programs are part of the Department of Trade and Economic Development. (The House proposed a \$1.0 million cut in these programs.)
- \$127,000 in cuts in the Emergency Services Program, which funds 26 emergency homeless shelters and agencies serving the homeless. This cut eliminates about a quarter of the FY 2003 funding, and is expected to lead to an increase in the number of families turned away from shelters due to insufficient space. This program is part of the Department of Children, Families, and Learning.
- \$306,000 in cuts to the Youthbuild program in the Department of Economic Security. Youthbuild assists at-risk youth in making a successful transition to the workforce, and includes construction skills training, work experience, job readiness, leadership development, and basic academic skills. It serves youth ages 16 to 24 who are high school

dropouts or potential dropouts, at risk of involvement with the juvenile justice system, chemically dependent, disabled, homeless, teen parents, or recipients of public assistance.

- \$1.1 million for the Minnesota Youth Program in the Department of Economic Security is cut. This program provides economically disadvantaged and at-risk youth ages 14 to 21 with employment and training services.

### **State Government - \$10.2 million reduction**

The unallotment order is similar to the original proposal from the Governor. This area includes cuts in the Legislative bodies and commissions,<sup>7</sup> constitutional officers, and state agencies including Minnesota Planning (Office of Strategic and Long-Range Planning), the Department of Administration, Department of Finance, Minnesota Revenue, Department of Military Affairs, Department of Veterans Affairs, Gambling Control Board, and Minnesota Racing Commission.

It is interesting to note that at a time when the state is facing crucial decisions that will have an impact on every part of the state and for years to come, the Governor cuts funding for Legislative Television, which allows the public to better follow the decision-making process. Neither the House nor Senate agreed with this cut.

### **Capital Projects - \$12.1 million reduction**

The state often funds capital improvements, such as buildings and roads, through borrowing — the state issues bonds and uses the proceeds to fund a capital project, then pays off the bonds with interest over time. The unallotment order cancels \$12.1 million in previously authorized capital projects. This is an increase from the Governor's original proposal, in which \$7.6 million of capital projects were cancelled. Cancelled projects fall into two main categories:

- Projects originally approved in 1999 or earlier. Minnesota law requires the Commissioner of Finance to report each year on capital projects that have been authorized for more than four years. Balances on such projects are normally frozen on February 1 and cancelled on July 1, unless the Legislature acts to reauthorize the project. Under unallotment, the Governor speeds up the point at which these projects are cancelled.<sup>8</sup> In essence, this shifts forward the savings from these programs into FY 2003. \$8.5 million of cancellations are made in this category.
- Projects originally approved in 2000, 2001, and 2002. These projects are not subject to cancellation in 2003 as described above. In his unallotment order, the Governor cancels \$3.0 million of projects approved in 2000, \$20,800 in projects from 2001, and \$591,600 in projects from 2002.

### **Revenue Changes**

The unallotment order makes \$50.0 million in savings by delaying payments on certain sales tax refunds until 90 days after an application is filed. These are mainly claims for refunds on sales tax on capital equipment purchases, but includes all sales tax exemptions that require the sales tax to be paid upfront but then is refunded after an application is filed. This provision does not raise new revenue so much as shift payments into the future and reduce the amount of interest paid.

An additional \$1.6 million in savings is made in Tax Increment Financing (TIF) grants. This is the remaining balance from an expiring program set up to address property tax rate compression enacted in 1997.

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<sup>7</sup> It appears that the Governor's unallotment authority does not allow him to cut the Legislature's budget, but the Legislature has agreed to make the cuts voluntarily.

<sup>8</sup> This list of projects is available at [www.finance.state.mn.us/bonds/2003\\_can\\_report.pdf](http://www.finance.state.mn.us/bonds/2003_can_report.pdf).

## **How Do These Plans Measure Up?**

The Minnesota Budget Project uses a set of principles to evaluate budget-balancing decisions. These principles call for budget solutions that are balanced, that do not put undue burden on low-income families and other vulnerable populations, and that follow a thoughtful process that takes the state's needs into account.

While the Governor's original proposal did not single out services for low-income and other vulnerable populations for cuts, many of the new reduction items in the unallotment order fall into this category. No public discussions were ever held on the wisdom of making these cuts. In addition, unallotment limits the budget-balancing choices available, and results in a solution heavily reliant on spending cuts.

### **The state's budget-balancing decisions should not make the impact of the recession worse for those Minnesotans least able to weather the downturn, including low-income families, laid-off workers, and other vulnerable populations.**

The Governor's Supplemental Budget proposal did not appear to single out services for low-income families and other vulnerable populations for a disproportionate share of cuts, and did better on this measure than did the proposal passed by the House.

However, services for struggling Minnesotans were cut more severely under unallotment than under the Governor's original proposal. Particularly in Education, the bulk of the cuts come in programs serving vulnerable populations, even though these programs only make up a very small part of the overall Education budget.

### **The state should use a combination of the three primary budget-balancing tools available: raising revenue, using reserves, and cutting spending.**

The unallotment order uses all three of the tools, although the major revenue change might be more properly classified as a timing shift. Given the short time span in which any tax increases would need to be implemented, it is reasonable to expect that revenue raising would not be a large component of the short-term budget fix. The unallotment order does include some small revenue-raising items, such as sale of the state airplane. More broad-based revenue solutions should, however, be on the table when policymakers debate the 2004-05 budget.

The fact that the budget was balanced through unallotment meant that the Governor had fewer options in terms of reserves and transfers, and could not raise revenues even if he had the desire to do so. Unallotment forces an unbalanced plan that is mainly made up of spending changes.

### **Budget balancing should be informed by current needs and past budget decisions, including how surpluses were divided between tax cuts and new spending, who benefited from tax cuts, and how certain programs were underfunded even in times of surplus.**

The size of the state's budget deficit means that changes in state programs are inevitable, and may involve considerable change and reform. These changes should be made through a process that allows for debate and public involvement. The short timeline faced in bringing the 2002-03 budget into balance made it difficult to have the kind of thoughtful dialogue involving policymakers, frontline workers, and the persons involved that is needed to bring about real reform. This problem was made worse by the lack of public meetings by the Conference Committee.



Unallotment is a blunt tool, and is a less desirable process for balancing the budget. Several service cuts were made that were not part of any previous budget-balancing plan, and therefore were made without opportunity for input from service providers, the persons affected, or the public.

Another way that the rules for unallotment prevented addressing the state's needs is that there was no ability to build up some level of reserves. Therefore, policymakers need to revisit the 2002-03 budget to address the additional shortfalls identified by the February Forecast, and if quarterly Economic Updates show further declines in revenues.

### **Next Steps**

The full impact of the Governor's unallotment decisions is not yet fully known. The state showed a balance of \$0 for 2002-03 after implementing the unallotment order, and the state's Budget Reserve was depleted. Just after the unallotment order was released, the February Forecast showed an additional shortfall, so policymakers will need to work to again balance the 2002-03 budget.

Policymakers must quickly turn to the larger task of passing the 2004-05 budget. The Governor released his proposed 2004-05 budget on February 18, which addresses the \$4.2 billion 2004-05 deficit. The Legislature must now work throughout the spring to pass the appropriations bills that will enact the 2004-05 budget.

Decision-makers should return to the principles outlined above. The state faces a severe challenge that can only be met through full participation of policymakers, persons and organizations involved in the delivery of services, program participants, and the public. Trying to solve this deficit through spending cuts alone would mean reducing the budget by 14%. This would create an unacceptable situation that would have lasting, damaging impacts on the state's infrastructure, economy, and communities. So far, only two of the three budget-balancing tools have been used. It's time to return to the toolbox and acknowledge that revenues must be part of the deficit solution.

### **Sources**

This document compares the Governor's FY 2003 Supplemental Budget Recommendations as introduced and the Governor's unallotment order as revised on February 24. The Supplemental Budget is online at [www.budget.state.mn.us/budget/operating/2003/030114\\_03rec\\_trans.pdf](http://www.budget.state.mn.us/budget/operating/2003/030114_03rec_trans.pdf), and the unallotment order is at [www.budget.state.mn.us/budget/operating/2003/2003\\_final\\_unallot.pdf](http://www.budget.state.mn.us/budget/operating/2003/2003_final_unallot.pdf).

Except where otherwise noted, source documents for this analysis include spreadsheets, bill summaries, and other materials from the Department of Finance, legislative fiscal and research staff, and state agencies.

For a comparison of the Governor's Supplemental Budget proposal, unallotment order, and the budget-balancing proposals put forward by the House and Senate, see Minnesota Budget Project, *2002-03 Budget-Balancing Proposals: Comparison and Analysis*, [www.mncn.org/bp/0203comp.htm](http://www.mncn.org/bp/0203comp.htm).

## Appendix 1: Impact of All Proposals to Resolve the FY 2003 Deficit

This table lists cuts proposed by the Governor, House, and Senate to resolve the deficit for the 2002-03 biennium, as well as actions taken by the Governor when he unallotted funds on February 7 and February 24, 2003. The table includes descriptions of the programs and services that will be impacted. This list is not exhaustive, but focuses on cuts that impact nonprofit organizations, low- and moderate-income persons, and other vulnerable populations. Dollar amounts shown are General Fund changes except where otherwise noted.

	\$ in thousands						
	Dept.	Budget Proposal	FY03	Biennium Total	FY04	FY05	Biennium Total
<b>E-12 Education</b>							
<b>Adult Basic Education (ABE)</b>							
<p>ABE programs are day or evening programs offered for people over age 16 who do not attend elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate, as well as family learning, workplace skills enhancement, English as a Second Language (ESL) instruction, citizenship, and basic skills education. The Governor's unallotment order reduces the planned annual growth rate from 8% to 2%. The growth rate was intended to accommodate increased demand for the program; the cut will result in reduced services. Through the unallotment process, the Governor was unable to authorize school districts or ABE consortiums to charge a sliding scale fee to program participants to compensate for lost funds, as the House plan allowed.</p>	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$1,622	<b>-\$1,622</b>	-\$3,186	-\$5,398	<b>-\$8,584</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$1,622	<b>-\$1,622</b>			
<b>Community Education Aid</b>							
<p>Community education programs provide learning and involvement opportunities for people of all ages including providing school district residents with the opportunity to utilize educational facilities and programs during non-school hours. Aid can also be used for other educational programs such as ECFE and ABE. The Governor's unallotment order establishes a limit on school district reserves for Community Education equal to 25% of the annual program revenue for the prior year (similar to the reserve limits already established for ECFE and School Readiness) and transfers excess reserves to the General Fund.</p>	CFL	Governor	-\$1,807	<b>-\$1,807</b>	\$0	\$0	<b>\$0</b>
		House	-\$1,807	<b>-\$1,807</b>	-\$483	-\$33	<b>-\$516</b>
		Senate	-\$1,807	<b>-\$1,807</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$1,807	<b>-\$1,807</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<b>School Readiness</b> School Readiness enables children to enter school with the skills and behaviors necessary for success. It includes developmental and learning components, health referral services, nutrition, parental involvement, and outreach. The program is open to all Minnesota children aged 3½ to 4 years and their families, but priority is given to children who are developmentally disadvantaged or who have risk factors that could impede their learning. Services are offered at no charge or for a small fee. In 2001, the Legislature acted on a recommendation from the Legislative Auditor to limit school district School Readiness reserves to 25% of the annual program revenue for the prior year. The excess reserves were to be reallocated to other districts. The Governor's unallotment order eliminates the reallocation and transfers the excess reserves to the General Fund.	CFL	Governor	-\$791	<b>-\$791</b>	\$0	\$0	<b>\$0</b>
		House	-\$791	<b>-\$791</b>	-\$562	-\$83	<b>-\$645</b>
		Senate	-\$791	<b>-\$791</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$791	<b>-\$791</b>			
<b>Early Childhood &amp; Family Education Aid (ECFE)</b> Early Childhood & Family Education (ECFE) is a program for all Minnesota families with children between the ages of birth to kindergarten enrollment that works to strengthen families and enhance the ability of parents to provide the best possible environment for the healthy growth and development of their children. In 2001, the Legislature acted on a recommendation from the Legislative Auditor to limit school district ECFE reserves to 25% of the annual program revenue for the prior year. The excess reserves were to be reallocated to other districts for ECFE programs. The Governor's unallotment order eliminates the reallocation and transfers the excess reserves to the General Fund.	CFL	Governor	-\$769	<b>-\$769</b>	\$0	\$0	<b>\$0</b>
		House	-\$769	<b>-\$769</b>	-\$324	-\$35	<b>-\$359</b>
		Senate	-\$769	<b>-\$769</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$769	<b>-\$769</b>			
<b>Child Trust Fund Prevention</b> This program provides grants to nonprofit and public agencies for programs such as child abuse prevention, parenting education, respite care, fathering education, and adolescent pregnancy prevention. The Trust Fund serves almost 15,000 families and 16,000 children in 45 programs. The Governor's unallotment order cuts 97% of the funding for FY 2003.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$796	<b>-\$796</b>			
<b>GED Tests</b> This program provides supplementary funds to 60 GED testing centers throughout the state to help offset the cost of testing for eligible students. The Governor's initial unallotment order cut 73% of the FY 2003 funding for this program, but his second unallotment order cut 52% of FY 2003 funding.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$72	<b>-\$72</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<b>After School Enrichment Grants</b> This program provides funding for out-of-school programs for school-aged youth who are not currently involved in after-school programs, struggling with academic success, and/or have been involved with the criminal justice system. This funding is used to increase the involvement of at-risk youth in after-school/out-of-school programs through partnerships that effectively build on existing community resources. In 2002, 44 programs were funded. The Governor's initial unallotment order cut 96% of the FY 2003 funding for these programs. His second unallotment order cut 69% of FY 2003 funding.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$3,828	<b>-\$3,828</b>			
<b>Way to Grow</b> This program supports school readiness activities in five communities. Depending on community needs, programs may provide services to pregnant women, support and prevention programs, and promote culturally specific services to families. The funding requires a local match, and is used to leverage other public and private funds. The Governor's unallotment order cuts half of the FY 2003 funding for this program.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$237	<b>-\$237</b>			
<b>Youthworks Grants</b> This program is a partnership with the federal Americorps program that provides educational scholarships in exchange for one or two years of community service. Services include mentoring and tutoring, service learning, and community service projects. The Governor's original unallotment order cut about half of the FY 2003 funding for this program. His second unallotment order cut 26% of FY 2003 funding.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$615	<b>\$615</b>			
<b>Head Start – Innovation Grants</b> These competitive grants are used for innovative programs designed either to target Head Start resources to particular at-risk groups of children or to provide services in priority areas: employability (including literacy), child care, preschool initiatives, transition to public schools, disabilities services, and improved access to health services. This program was not cut in the Governor's initial unallotment order, but was included in the second unallotment order.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$500	<b>-\$500</b>			

	\$ in thousands						
	Dept.	Budget Proposal	FY03	Biennium Total	FY04	FY05	Biennium Total
<b>Higher Education</b>							
<b>State Grant Program</b> On January 10, 2003, the HESO grant fund was frozen due to insufficient funds. In addition, HESO child care and work study funding is no longer available due to the state grant program deficit. The Senate proposal would have appropriated \$10 million for the state grant program to cover grants for the spring and summer terms. The Governor's unallotment order does not affect funding for the grant program. Therefore, there will not be any grants available for the summer term and grant applications for the spring term were cut off on January 10, 2003.	HESO	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$10,000	<b>\$10,000</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Health &amp; Human Services</b>							
<b>Community Service Grants - Aging</b> These grants, which are open to nonprofits and governmental units, are to increase affordable housing and services for elderly Minnesotans in a variety of settings, from home to assisted living. The goal is to keep persons ages 65 and older in their own homes and communities. These grants require a 25% local funding match. The Governor's unallotment order recaptures money that has not yet been awarded.	DHS	Governor	-\$515	<b>-\$515</b>	\$0	\$0	<b>\$0</b>
		House	-\$515	<b>-\$515</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$440	<b>-\$440</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$515	<b>-\$515</b>			
<b>Adoption Assistance/Relative Custody Assistance</b> The Department of Human Services has identified \$584,000 in one-time funds that they do not anticipate spending before the end of the state fiscal year in the adoption assistance program because of the ability to claim federal reimbursement for child care services to adopted children. This one-time cut will have no impact on current adoption assistance benefits. The Governor's unallotment order reduces the FY 2003 appropriation by this unspent amount.	DHS	Governor	-\$584	<b>-\$584</b>	\$0	\$0	<b>\$0</b>
		House	-\$584	<b>-\$584</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$584	<b>-\$584</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$584	<b>-\$584</b>			
<b>Targeted Alternative Care Allocations</b> This program, administered by the counties, supports certain home- and community-based services for older Minnesotans who are at risk of nursing home placement and have low levels of income and assets. The Governor's unallotment order suspends the distribution of funds and reduces the FY 2003 appropriation by the amount not yet spent.	DHS	Governor	-\$700	<b>-\$700</b>	\$0	\$0	<b>\$0</b>
		House	-\$700	<b>-\$700</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$700	<b>-\$700</b>			
<b>Criminal Justice Training Grants</b> These grants provide funds to nonprofit agencies to train medical and law enforcement professionals in forensic interviewing techniques to be used with young children who have been abused and neglected. The Governor's unallotment order reduces the FY 2003 appropriation by the amount of a projected surplus.	DHS	Governor	-\$5	<b>-\$5</b>	\$0	\$0	<b>\$0</b>
		House	-\$5	<b>-\$5</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$5	<b>-\$5</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$5	<b>-\$5</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<b>Fetal Alcohol Syndrome Grant</b> These grants support counties and nonprofit organizations in providing education and guidance on child safety, parenting, housing, and family planning to women and children affected by parental alcohol or drug abuse. The Governor's unallotment order reduces the FY 2003 appropriation by the amount of a projected surplus.	DHS	Governor	-\$106	<b>-\$106</b>	\$0	\$0	<b>\$0</b>
		House	-\$106	<b>-\$106</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$106	<b>-\$106</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$106	<b>-\$106</b>			
<b>Foster &amp; Adoption Recruitment Grant</b> This grant supports statewide efforts to recruit foster and adoptive families. The Governor's unallotment order reduces the FY 2003 appropriation by the amount of a projected surplus.	DHS	Governor	-\$55	<b>-\$55</b>	\$0	\$0	<b>\$0</b>
		House	-\$55	<b>-\$55</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$55	<b>-\$55</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$55	<b>-\$55</b>			
<b>Supportive Work Grant (TANF funds)</b> These grants fund the creation of transitional work environments with extra supports for people entering the workforce for the first time. The money has not all been distributed due to difficulties in implementation. The Governor's unallotment order does not affect funding for this program because it is funded by federal TANF funds.	DHS	Governor	-\$894	<b>-\$894</b>	\$0	\$0	<b>\$0</b>
		House	-\$894	<b>-\$894</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Sail Grants</b> Enacted in 1992, Seniors' Agenda for Independent Living (SAIL) funds are awarded on a competitive basis to partnerships of counties, health, social service, and housing providers and Area Agencies on Aging. The overall goal of this initiative is to shift the balance of service utilization from an institutional system to a home- and community-based system. This program was not included in the Governor's initial unallotment order, but was cut in the second unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$28	<b>-\$28</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$28	<b>-\$28</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$28	<b>-\$28</b>			
<b>Community Service Development Grants</b> These grants (similar to the Community Service Grants - Aging) are open to all providers to increase affordable housing and services for elderly Minnesotans in a variety of settings, from home to assisted living. The goal is to keep persons ages 65 and older in their own homes and communities. These grants require a 50% local funding match. This program was not included in the Governor's initial unallotment order, but was cut in the second unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$39	<b>-\$39</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$39	<b>-\$39</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$39	<b>-\$39</b>			

	\$ in thousands						
	Dept.	Budget Proposal	FY03	Biennium Total	FY04	FY05	Biennium Total
<b>Delay Home- and Community-Based Services (HCBS) Payments</b> In his unallotment order, the Governor delayed the implementation of a home- and community-based services “common menu” scheduled to begin Jan. 1, 2003 until July 1, 2003. The common menu provides for a consistent set of services and reimbursement rates among all of the home- and community-based services waivers and the Alternative Care Program. The implementation of a new case management service will also be delayed. This service is for Medical Assistance enrollees who use home care services, but who are not enrolled in a home- and community-based services waiver (where they would receive case management).	DHS	Governor	-\$934	<b>-\$934</b>	-\$3,325	-\$3,621	<b>-\$6,946</b>
		House	-\$934	<b>-\$934</b>	-\$3,325	-\$3,621	<b>-\$6,946</b>
		Senate	-\$934	<b>-\$934</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$934	<b>-\$934</b>			
<b>Delay New Autism Program</b> In the 2001 Legislative Session, Medical Assistance benefits were expanded to pay for certain intensive home-based early intervention behavior therapy services for some children with autism effective January 1, 2003. The Governor’s unallotment order delays implementation of this program until July 1, 2003.	DHS	Governor	-\$557	<b>-\$557</b>	\$0	\$0	<b>\$0</b>
		House	-\$557	<b>-\$557</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$547	<b>-\$547</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$547	<b>-\$547</b>			
<b>ICF/MR Rate Adjustments</b> An Intermediate Care Facility for Persons with Mental Retardation or Related Conditions (ICF/MR) is a residential facility licensed to provide services to persons who have mental retardation or a related condition as a supervised living facility. By the Governor’s unallotment order, effective April 1, 2003, the commissioner will discontinue adjusting the rates of an ICF/MR to cover the cost of a vacant bed until it is filled.	DHS	Governor	-\$199	<b>-\$199</b>	-\$1,192	-\$1,992	<b>-\$3,184</b>
		House	-\$179	<b>-\$179</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$199	<b>-\$199</b>			
<b>Copayments for Prescription Drugs</b> Effective March 1, 2003, the House proposal would require copayments of \$1 for generic drugs and \$3 for brand-name drugs for Medical Assistance enrollees, subject to a \$20 monthly limit. Pharmacy reimbursement rates would be reduced by this amount. The Governor did not implement this proposal in his unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$322	<b>-\$322</b>	-\$4,585	-\$5,023	<b>-\$9,608</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Chemical Dependency Non-Entitlement Grants</b> These grants pay for non-treatment services, including statewide prevention efforts, culturally appropriate services, and treatment support services. The Governor’s unallotment order eliminates funding for court-ordered chemical juvenile assessments and chemical dependency detoxification transportation. These grants were intended to reimburse counties, tribes, and other agencies for some portion of the costs of these activities.	DHS	Governor	-\$268	<b>-\$268</b>	-\$268	-\$268	<b>-\$536</b>
		House	-\$268	<b>-\$268</b>	-\$268	-\$268	<b>-\$536</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$268	<b>-\$268</b>			
<b>HomeShare Grants</b> These grants are awarded to five nonprofits to pair eligible homeowners wishing to stay in their own homes with home seekers willing to provide services in exchange for sharing the home. The Governor’s unallotment order reduces the portion of the FY 2003 appropriation that has not yet been awarded.	DHS	Governor	-\$156	<b>-\$156</b>	-\$400	-\$400	<b>-\$800</b>
		House	-\$156	<b>-\$156</b>	-\$400	-\$400	<b>-\$800</b>
		Senate	-\$156	<b>-\$156</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$156	<b>-\$156</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<b>Cover All Kids Repeal</b> The 2001 Legislature extended coverage for children under Medical Assistance (MA) and MinnesotaCare (MNCare). The 2001 legislation expanded coverage by increasing income limits for children ages 2 to 18, disregarding some parental income, and providing the option of enrolling in MNCare after losing MA eligibility. Outreach to enroll children is also a critical component. The House proposal repeals this expansion. Under the House proposal there would be some additional costs to the Health Care Access Fund (HCAF) as some of these children would move from MA to MNCare, although the Dept. of Human Services has determined that only 10% of the enrollees dropped from Cover All Kids will transition into MNCare. The remaining 90% would likely lose coverage. The Governor did not implement this proposal in his unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House – GF	-\$195	<b>-\$195</b>	-\$28,651	-\$43,814	<b>-\$72,465</b>
		HCAF	\$20	<b>\$20</b>	\$2,865	\$4,381	<b>\$7,246</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Optional MA Service - Chiropractic &amp; Podiatric</b> The Senate proposal would eliminate coverage for chiropractic and podiatric services from the Medical Assistance plan for FY 2003. The Governor did not implement this proposal in his unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$308	<b>-\$308</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Emergency Assistance (TANF funds)</b> Emergency Assistance provides special financial support for families facing unexpected emergency expenses (such as eviction or losses from a fire). The House proposal reduces eligibility from one 30-day period every 12 months to one 30-day period every 18 months. The Governor did not implement this proposal in his unallotment order because it is funded by federal TANF funds.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$129	<b>-\$129</b>	-\$3,167	-\$5,490	<b>-\$8,657</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>MFIP - Limit Education Provision</b> The House proposal reduces access to post-secondary education or training for MFIP participants from 24 months to 12 months, except for those who have an approved 24-month plan in place by April 1, 2003. The Governor did not implement this proposal in his unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$103	<b>-\$103</b>	-\$2,309	-\$2,962	<b>-\$5,271</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Reduce MinnesotaCare Extension to 6 months (HCAF)</b> Currently, MinnesotaCare enrollees who lose eligibility because their income exceeds the program limits receive 18 months notice before they lose their coverage. The House proposal would reduce notice to 6 months before they lose their coverage. The Governor did not implement this proposal in his unallotment order because it is funded through the Health Care Access Fund.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	-\$7,526	-\$12,479	<b>-\$20,005</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<b>Increase TEFRA Parental Fees</b> TEFRA provides MA eligibility to some disabled children who live with their families. The House proposal would increase parental fees by 5%. The Governor did not implement this proposal in his unallotment order.	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$32	<b>-\$32</b>	-\$129	-\$129	<b>-\$258</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			



	\$ in thousands						
	Dept.	Budget Proposal	FY03	Biennium Total	FY04	FY05	Biennium Total
<p><b>Eliminate State-Funded Non-Citizen Aid</b></p> <p><b>Medical Assistance Coverage:</b> The House proposal would eliminate Medical Assistance coverage for non-citizens funded only with state money. The proposal would also eliminate state-funded MA coverage for care and services through the period of pregnancy and 60-days postpartum for pregnant noncitizens. It is estimated this would eliminate coverage for 5,000 noncitizens (approximately 2,567 of whom are pregnant women).</p> <p><b>MFIP/MFAP/Cash Assistance:</b> The Minnesota Family Investment Program (MFIP) is Minnesota's welfare program. The Minnesota Food Assistance Program (MFAP) was created in response to federal law changes that made certain legal non-citizens ineligible for federally-funded Food Stamps. MFAP uses state funds to replace the benefits lost when federal Food Stamp eligibility ended. The House proposal would eliminate state-funded MFIP and MFAP benefits for non-citizens, except for certain non-citizens whose benefits are funded through federal dollars. Non-citizens who would continue to be eligible for MA, MFIP, MFAP, and Cash Assistance benefits include: refugees, asylees, persons granted withholding from deportation, veterans and their spouses and minor dependents, and persons on active duty and their spouses and minor dependents. The Governor did not implement any of these proposals in his unallotment order.</p>	DHS	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$5,293	<b>-\$5,293</b>	-\$18,503	-\$22,759	<b>-\$41,262</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<p><b>Tobacco Prevention Grants</b></p> <p>All three original proposals use earnings from the Tobacco Settlement that were held back and not expended on grants in order to keep funding at a consistent and sustainable level. No programs would be cut. The Governor's unallotment order does not use these funds.</p>	Health	Governor	-\$4,000	<b>-\$4,000</b>	\$0	\$0	<b>\$0</b>
		House	-\$4,000	<b>-\$4,000</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$4,000	<b>-\$4,000</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<p><b>Health Disparities - Immunizations</b></p> <p>These grants fund community-based organizations to work on projects designed to close the gap in immunization rates for populations of color and American Indians. The House and Senate proposals make a one-time cut in FY 2003, recapturing unspent funds. The Senate proposed a smaller reduction because some grant decisions have been made, but the funds have not yet been expended. The Governor's unallotment order recaptures all of the unspent funds.</p>	Health	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$314	<b>-\$314</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$128	<b>-\$128</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$314	<b>-\$314</b>			
<p><b>Health Disparities - Grants</b></p> <p>This initiative, approved by the Legislature in 2001, funds community-based organizations to work on projects to close the gap in eight pressing health concerns (such as infant mortality and diabetes) for populations of color and American Indians. The Governor's unallotment order recaptures unspent funds.</p>	Health	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$108	<b>-\$108</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$140	<b>-\$140</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$108	<b>-\$108</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<p><b>Lead Base Grants</b></p> <p>These grants are used to provide public information, education, and compliance assistance to ensure public health and prevent lead exposure in young children and pregnant women. The Governor's unallotment order recaptures unspent funds.</p>	Health	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$25	<b>-\$25</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$25	<b>-\$25</b>			
<p><b>Family Planning Special Projects Grants</b></p> <p>These funds go to local public health departments, tribal governments, and nonprofits to provide family planning services to low-income, high risk individuals in Minnesota. The funds may be used for public information, outreach, and family planning services including medical and non-medical methods of family planning, counseling, and referral. Services are targeted to women and men who have difficulty accessing family planning services because of barriers including poverty, lack of insurance, race, ethnicity, age, or culture. The Governor's unallotment order recaptures unspent funds.</p>	Health	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$56	<b>-\$56</b>	\$0	\$0	<b>\$0</b>
		Senate	-\$55	<b>-\$55</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$56	<b>-\$56</b>			
<p><b>Health Protection</b></p> <p>This program funds statewide HIV/STD prevention efforts, including funding for an AIDSline, HIV testing, and counseling and street-outreach programs. The Governor's original unallotment order eliminated funding for all unobligated contracts. The Dept. of Health, however, has been able to restore most of the funding using federal grant money, unspent subsidies to local public health agencies, and some grant cuts to those agencies. There will be a reduction in educational and technical assistance to state pharmacies.</p>	Health	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$813	<b>-\$813</b>			
<p><b>Long Term Care Quality Demonstration Grants</b></p> <p>These grants fund demonstrations that create new means and models for serving the elderly or demonstrate creativity in service provision. The Governor's unallotment order reduces funding for this program.</p>	Health	Governor	-\$500	<b>-\$500</b>	-\$500	-\$500	<b>-\$1,000</b>
		House	-\$500	<b>-\$500</b>	-\$500	-\$500	<b>-\$1,000</b>
		Senate	-\$500	<b>-\$500</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$500	<b>-\$500</b>			
<p><b>Long Term Care Nursing Home Transition Planning Grants</b></p> <p>This grant program assists nursing homes in developing strategic plans that identify the appropriate institutional and non-institutional settings necessary to meet the older adult service needs of the community. All three proposals would cut funding for this program in FY 2003. The Senate recommends a smaller cut because the Department of Health has identified grantees, but not yet notified them. The Governor's unallotment order recaptures all unspent funds.</p>	Health	Governor	-\$500	<b>-\$500</b>	-\$500	-\$500	<b>-\$1,000</b>
		House	-\$500	<b>-\$500</b>	-\$500	-\$500	<b>-\$1,000</b>
		Senate	-\$135	<b>-\$135</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$500	<b>-\$500</b>			
<p><b>WIC Grants</b></p> <p>The WIC program improves the health and nutrition status of pregnant and postpartum women, infants, young children, and the elderly by providing healthy foods and nutritional education. The House proposal would have permitted the reallocation of TANF funds for family home visiting to WIC client services to help cover the cuts. The unallotment order's cuts to this program will impact nutritional education and counseling.</p>	Health	Governor	-\$3,558	<b>-\$3,558</b>	-\$3,558	-\$3,558	<b>-\$7,116</b>
		House	-\$3,558	<b>-\$3,558</b>	-\$3,558	-\$3,558	<b>-\$7,116</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$3,558	<b>-\$3,558</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<p><b>Minnesota Economic Opportunity Grants</b>            These grants provide core funding for the 40 community action agencies, which cover all Minnesota counties and serve 750,000 low-income people each year. Funds are used to enable low-income families and individuals to attain the skills, knowledge, and motivation that will result in their becoming self-sufficient. These funds leverage an additional \$240 million in other federal, state, local, and private funds. The Governor's initial unallotment cut 61% of current funding in FY 2003. His second unallotment order cut 36% of FY 2003 funding. The types of services that will be impacted include transportation, housing and shelter, senior programs, Head Start, food shelves, and emergency services.</p>	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
	Unallotment	-\$3,169	<b>-\$3,169</b>				
<p><b>Child Care Parent Fees</b>            The House proposal would increase the parent copayments for families between 75 and 100% of the Federal Poverty Guidelines (FPG) from \$5 to \$10 per month and increases parent copayments for families between 100 and 250% of FPG by 10%. The Governor did not implement this proposal in his unallotment order.</p>	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$192	<b>-\$192</b>	-\$2,211	-\$2,307	<b>-\$4,518</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<p><b>Basic Sliding Fee Child Care Assistance Eligibility</b>            This program helps pay a portion of the child care costs of low- and moderate-income families who are not receiving MFIP child care assistance, using a sliding fee scale based on family income, for authorized work, education, and job search activities. Families with incomes under 75% of state median income and children under age 13 (age 15 for children with disabilities) are eligible. The House proposal reduces eligibility from approximately 290% of federal poverty guidelines to 250% of the federal poverty guidelines, which would cut about 1,200 families off of child care assistance on April 1, 2003. The Governor did not implement this proposal in his unallotment order.</p>	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$462	<b>-\$462</b>	-\$5,313	-\$5,544	<b>-\$10,857</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			
<p><b>Child Care Service Development Grants/Child Care Facility Grants</b>            These programs help develop the quality and availability of child care to Minnesota families. Child Care Development programs promote school readiness, healthy child development, and family self-sufficiency by improving the quality and availability of child care. The program provides grants to public and private agencies to help families access child care, build the supply, coordinate information, and develop specific child care services. The Governor's initial unallotment order cut funding available for these programs. His second unallotment order cut a smaller amount.</p>	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$25	<b>-\$25</b>	-\$25	-\$25	<b>-\$50</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$45	<b>-\$45</b>			

	\$ in thousands						
	Dept.	Budget Proposal	FY03	Biennium Total	FY04	FY05	Biennium Total
<b>Economic Development</b>							
<b>Minnesota Job Skills Partnership &amp; Minnesota Pathways Program</b> These programs provide grants to public or private educational institutions working in partnership with businesses to develop training programs specific to business needs. The Pathways Program focuses on training individuals who are at or below 200% of federal poverty guidelines or who are making the transition from public assistance to the workforce. The Governor's initial unallotment order cut \$2 million from this program in FY 2003, then the cut was increased by \$260,000 in his second unallotment order.	DTED	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	-\$1,000	<b>\$1,000</b>	-\$1,000	-\$1,000	<b>-\$2,000</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$2,260	<b>-\$2,260</b>			
<b>Minnesota Housing Finance Agency (MHFA)</b> All of MHFA's appropriations from the general fund go directly to fund programs, so any cut will amount to a cut in affordable housing programs. The Governor's unallotment order cuts the agency's base budget by 5% for FY 2003.	Housing Finance	Governor	-\$2,205	<b>-\$2,205</b>	-\$2,205	-\$2,205	<b>-\$4,410</b>
		House	-\$2,205	<b>-\$2,205</b>	-\$2,205	-\$2,205	<b>-\$4,410</b>
		Senate	-\$350	<b>-\$350</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$2,205	<b>-\$2,205</b>			
<b>Emergency Services Program</b> This program provides funding to 26 emergency homeless shelters and nonprofit agencies to support services to homeless families and individuals. The Governor's initial unallotment order eliminated half of the funding for FY 2003. His second unallotment order cut a smaller amount. Currently, over 300 people, half of them children, are turned away from shelters in Minnesota on a given night. This cut is expected to increase the number that must be turned away due to insufficient space.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$127	<b>-\$127</b>			
<b>Youthbuild</b> This program serves youth between the ages of 16 and 24 who are high school dropouts or potential dropouts, youth at risk of involvement with the juvenile justice system, chemically dependent and disabled youth, homeless youth, teen parents, and public assistance recipients. The goal is to assist at-risk youth in making a successful transition to the workforce through services including construction skills training, work experience, job readiness training, leadership development, and basic academic skills. The program also serves low-income and homeless families and individuals in need of affordable housing. The Governor's initial unallotment order cut about half of the FY 2003 funding. The second unallotment order cut approximately 35% of FY 2003 funding.	DES	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$306	<b>-\$306</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<p><b>Minnesota Youth Program</b> The Minnesota Youth Program provides economically disadvantaged and at-risk youth between the ages of 14 to 21 with employment and training services. The Minnesota Youth Program operates through local Workforce Councils and is available in all 87 counties. Work experience, basic skills training, work-based learning, career counseling, personal counseling, life skills training, mentoring, and peer support groups are available as well as support services such as transportation and child care. The Governor's initial unallotment order cut approximately 17% of the funding for this program for FY 2003. The second unallotment order increased the cut by \$131,000.</p>	DES	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$1,131	<b>-\$1,131</b>			
<p><b>Workforce Development</b> Last session, the Legislature transferred \$15 million from the General Fund into the Workforce Development Fund for the Dislocated Worker program. In his second unallotment order, the Governor transfers a portion of this back to the General Fund. This means fewer resources are available for the Dislocated Worker Program.</p>	DES	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$1,158	<b>-\$1,158</b>			
<b>Judiciary</b>							
<p><b>Civil Legal Services (Legal Aid)</b> Legal Aid provides low-income people, the elderly, the disabled, and children with critical civil legal services they could otherwise not obtain. The Governor's initial unallotment order cut FY 2003 funding for this program. The Governor does not have the authority to unallot funding for the other branches of government, but the courts agreed to make cuts voluntarily. It appears that the Supreme Court may cut this program as the Governor requested.</p>	Supreme Court	Governor	-\$442	<b>-\$442</b>	\$0	\$0	<b>\$0</b>
		House	-\$442	<b>-\$442</b>	-\$442	-\$442	<b>-\$884</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$442	<b>-\$442</b>			
<p><b>Grants to Battered Women Programs</b> The Governor's unallotment order recaptures unspent funds.</p>	Public Safety	Governor	-\$56	<b>-\$56</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$56	<b>-\$56</b>			
<b>State Government</b>							
<p><b>Taxpayer Assistance Grants</b> This program provides free tax assistance to low-income, disabled, non-English speaking, and elderly people. These funds have already been awarded to nonprofit grantees, although the money has not yet been distributed. Although the Governor included this program in his initial list of unallotment actions, it was not included in his second unallotment order.</p>	Revenue	Governor	-\$34	<b>-\$34</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	\$0	<b>\$0</b>			

	<b>\$ in thousands</b>						
	<b>Dept.</b>	<b>Budget Proposal</b>	<b>FY03</b>	<b>Biennium Total</b>	<b>FY04</b>	<b>FY05</b>	<b>Biennium Total</b>
<b>Vinland Center Grant</b> This is an employment program for disabled veterans that returns them to self-sufficiency. The Governor's initial unallotment order cut a portion of the FY 2003 funding for this program, and his second unallotment order increased the cut by \$6,000.	Veterans Affairs	Governor	-\$114	<b>-\$114</b>	-\$114	-\$114	<b>-\$228</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$120	<b>-\$120</b>			
<b>National Guard Youth Camp</b> The National Guard Youth Camp, located at Camp Ripley, is a nonprofit camp for dependents of members of the National Guard. The Governor's unallotment order cuts FY 2003 funding for this program.	Military Affairs	Governor	-\$40	<b>-\$40</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$40	<b>-\$40</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$40	<b>-\$40</b>			
<b>Capital Projects</b>							
<b>CFL Youth Enrichment Grants</b> These are grants to local government units in collaboration with nonprofits to design, equip, renovate, replace, or construct facilities to provide youth with regular enrichment activities during nonschool hours. Enrichment programs include academic enrichment, homework assistance, computer and technology use, arts and cultural activities, clubs, school-to-work and workforce development, athletic, and recreational activities. Priority was given to low-income school districts. The Governor's unallotment order cancels this project and recaptures the remaining funds.	CFL	Governor	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		House	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Senate	\$0	<b>\$0</b>	\$0	\$0	<b>\$0</b>
		Unallotment	-\$979	<b>-\$979</b>			
<b>Department Abbreviations: CFL = Dept. of Children, Families &amp; Learning, DHS = Dept. of Human Services, DTED = Dept. of Trade &amp; Economic Development, DES = Dept. of Economic Security</b>							