

To: Members of the Press  
From: Linden Zakula, Deputy Chief of Staff  
Topic: Understanding the Republican Budget Agenda  
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**Members of the Press** – Tonight, with no forewarning, Republican Legislative Leaders abandoned ongoing budget negotiations with Governor Dayton. They have opted instead to pass their own budget bills, which include very few of the Governor’s positions, and which he has said he would veto. Tonight, [Governor Dayton urged lawmakers](#) to send him these bills as quickly as possible, so that he can veto them and resume budget negotiations.

In [190 pages of letters](#), [nearly 1,700 meetings](#), and over the last six days in face-to-face budget negotiations, Governor Dayton and his Administration have made clear to legislators their specific concerns with budgets being put forward by Republican Majorities in the House and Senate. In good faith, Governor Dayton has made two compromise budget offers, reducing his initial budget request by \$122 million.

Still, Republicans walked away from negotiations today to pass budget bills they know have no chance of becoming law. Here are just **SOME** of the reasons Governor Dayton plans to veto the budget bills being taken up by Republican lawmakers tonight.

Please contact us with any questions.

Linden Zakula | Deputy Chief of Staff

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<b>HOW THE REPUBLICAN BUDGET WOULD IMPACT MINNESOTANS</b>	
<b>Underfunding Public Schools</b>	The Republican Education Bill would only increase the education formula by 1.5 percent each year of the biennium, which is not enough to keep up with the rising costs of inflation and other budget challenges facing Minnesota schools. The bill also cuts or underfunds critical programs that serve underrepresented children through voluntary pre-K, special education, and more.
<b>17,100 4 Year Olds</b>	The Republican Education Budget pushes 3,300 4-year-olds out of pre-K programs that our schools have invested in, denying Minnesota families the opportunity of high-quality, voluntary pre-K in their schools. It also ignores the 13,800 children waiting for voluntary pre-K that would be funded under the Governor’s budget.

<p><b>Minnesota Farmers and Agricultural Economies</b></p>	<p>At a time when many Minnesota farmers are struggling with low commodity prices, Republican Agriculture Budget would invest \$0 additional dollars in agriculture initiatives.</p> <p>The proposal makes serious changes to the AGRI fund – a program which has created over 4,000 jobs and leveraged more than \$200 million in private investment to help diversify and strengthen Minnesota’s agricultural economy. Additionally, it would eliminate Farm to School grants and grants for Beginning and Transitioning farmers.</p>
<p><b>Putting Minnesota Poultry Growers At Risk of Avian Influenza</b></p>	<p>Minnesota grows more turkeys than any other state in the nation. The 2015 outbreak of Highly Pathogenic Avian Influenza in Minnesota was estimated to cause \$650 million in economic loss across our economy, hitting turkey growers especially hard.</p> <p>To meet these challenges, Governor Dayton’s budget would invest \$1.2 million to plan and prepare for the possibility of new cases of avian flu, to ensure Minnesota is ready to quickly respond to agricultural emergencies, and to monitor the wild bird population.</p> <p>But the Republican Agriculture Budget would underfund this program by \$700,000, putting Minnesota poultry growers at risk.</p>
<p><b>450,000 Pounds of Possible Pesticide Pollution</b></p>	<p>Minnesota Republicans’ Agriculture Bill would eliminate a fee charged on chemical companies, which funds the safe collection and disposal of waste pesticide throughout the state. This fee has no impact on the General Fund, but eliminating it would provide a break to big chemical companies, while limiting the funding needed to ensure waste pesticides can be disposed of in an accessible and safe way. The waste collection funded by this program is free for users, and has collected more than 450,000 pounds of waste pesticides in the last three years across all 87 counties.</p> <p>The Republicans’ bill would also give a free license on pesticide overuse. Under federal law, individuals using some particularly strong pesticides are required to demonstrate that the pesticide is needed, because their overuse can have negative impacts on human health, and on the health of animals, plants, and our environment.</p> <p>Republicans’ bill would attempt to overrule federal law, and give individuals a free license to use these pesticides at their will, without needing to verify, document, or otherwise prove that they are needed.</p>

<p><b>Threatening Water Quality on 48,000 Miles of Shoreline</b></p>	<p>In 2015, Governor Dayton and the Minnesota Legislature supported bipartisan water quality buffers, to help protect and preserve Minnesota’s waters from runoff.</p> <p>The Republican Environment Budget would make significant changes to the water quality buffer law. Last year, the Legislature made noteworthy bipartisan progress to pass a modified buffer law that provided greater clarity and more flexibility for both local governments and landowners. Since that time, Soil and Water Conservation Districts (SWCDs) have been working closely with landowners to help them understand the law and get buffers and alternative practices in place.</p> <p><u>A preliminary review of compliance</u> shows that 74 percent of Minnesota counties are already 60-100% compliant. Minnesotans are ready to implement the law, and they’re already doing it; the existing law is workable and will lead to continued progress.</p> <p>Despite that progress, the Republican budget would delay water quality buffers indefinitely, and would reduce the size of the water quality buffers along 48,000 miles of shoreline. This reduction would put more Minnesota waters at risk, threatening our health, recreation, and the economy.</p>
<p><b>8 Million State Park Visitors</b></p>	<p>The Republican Environment Budget would cut state park staffing, resulting in major changes to current parks operations, including elimination of camping and other services at up to 34 state parks. Minnesota’s State Parks are visited approximately 8 million times every year for hunting, fishing, camping, and outdoor recreation.</p> <p>The Governor’s budget proposal provided for user based fee increases for State Parks that are vital to continuing the level of services the public expects of our state parks and trails system. Most of these fees have not been increased in over 10 years. Even with the recommended fee increases, prices would be similar to, or even less than, fees in nearby states.</p> <p>The State Parks system includes 67 state parks and 9 recreation areas, 8 waysides, 13 state trails, and 62 state forest campgrounds and day-use areas spread across Minnesota. Visits to these State Parks also provide crucial economic boosts for local economies, bring in visitors from across Minnesota and outside the state.</p>

<p><b>110 Superfund Sites</b></p>	<p>The risk of indoor air contaminated vapors near 110 potential superfund sites statewide is not addressed in the Republican Environment Budget, leaving homeowners without the information they need to protect the health of their children and families.</p>
<p><b>Cuts to Fish and Wildlife</b></p>	<p>The Republican Environment Budget does not address the funding deficit in the Minnesota Department of Natural Resources’ (DNR) Game and Fish Operating Account. It also does not provide an operating adjustment or requested investments. As a result, reductions to fish and wildlife management would include:</p> <ul style="list-style-type: none"> <li>• Reduced habitat management of Wildlife Management Areas (WMAs), limiting access to WMAs due to inability to maintain roads;</li> <li>• Reduced surveys on deer;</li> <li>• Reduced depredation responses;</li> <li>• Fish stocking will be reduced or eliminated, impacting at least 200 lakes;</li> <li>• Creel surveys would be conducted on only three lakes; and</li> <li>• Fewer lake surveys would be conducted to provide critical information to manage lakes and less coordination with lake associations and conservation clubs.</li> </ul> <p>These program reductions would impact the quality of hunting and angling in the state, and will pose a long term threat to the economic vitality of the many businesses and communities that rely on these resources.</p>
<p><b>\$540 Million Cut to Health and Human Services</b></p>	<p>The Republican Health and Human Services Budget would cut \$540 million from essential programs that serve the most vulnerable Minnesotans. This includes a \$434 million cut to Medical Assistance for Minnesota children and families.</p> <p>Governor Dayton’s budget includes a \$329 million increase in total spending for the Minnesota Department of Human Services and Department of Health to make key reforms and continue the current level of services to Minnesotans.</p>

<p><b>Cutting Hundreds of State Workers, Including Those Who Investigate Abuse and License Child Care Facilities</b></p>	<p>The Republican Health and Human Services Budget reduces \$19.7 million from the central office at the Minnesota Department of Human Services (8.5 percent). These staff are responsible for investigating allegations of abuse, and for licensing child care and adult day care facilities.</p> <p>The Governor’s budget includes a \$45.1 million operating adjustment to ensure essential services continue to be provided to more than 1 million Minnesotans. Without these funds, DHS would have to eliminate 300 full-time equivalent positions including 210 care-givers for 12,000 vulnerable people in Direct Care and Treatment.</p>
<p><b>No Funding for the Safe Staffing at the State Security Hospital or to Care for People with Developmental Disabilities</b></p>	<p>The Republican Health and Human Services Budget has no funding for Minnesota Security Hospital staffing. The Legislature also proposes no funding to stabilize Minnesota State Operated Community Services (MSOCS).</p> <p>Governor Dayton has proposed \$22.8 million to bring staffing levels at the Minnesota Security Hospital into line with national standards and an additional \$70.2 million in bonding to replace unsafe facilities, improving care and working conditions for 395 clients with the most serious needs, and 800 employees.</p> <p>The Governor also calls for \$10.3 million to stabilize Minnesota State Operated Community Services (MSOCS), which serves 400 Minnesotans with developmental disabilities in 120 homes across the state.</p>
<p><b>No Funding to Improve Child Protection and Foster Care</b></p>	<p>The Governor proposes \$19.7 million to improve child protection and foster care and help children who cannot return to their families find permanent homes more quickly, including 300 children under age 6. Governor Dayton also proposes to provide full foster care benefits for children under 6. More than 30,000 children are reported to the child protection system annually; that number rose 25 percent since last year. More than 13,000 children are in foster care and other out-of-home care.</p> <p>The Republican Health and Human Services Budget provides no funding for these proposals.</p>

<p><b>125,000 Vulnerable Adults</b></p>	<p>The Minnesota Department of Health plays a vital role in protecting over 125,000 vulnerable adults living in nursing homes and home care settings. While the Republican Health and Human Services Budget would increase investigations of alleged maltreatment, they would fund just a quarter of the Governor’s revised March recommendation. The proposal is insufficient to meet rapidly rising demand and ensure the timely response that Minnesotans have a right to expect.</p> <p>The Republican Health and Human Services budget also provides no funding for the Governor’s proposal for \$2.5 million to improve the Minnesota Adult Abuse Reporting Center.</p>
<p><b>3,660 Teen Parents</b></p>	<p>The Republican Health and Human Services Bill recognizes the importance of evidence-based home visiting as a proven strategy to give high-risk children a health start in life. Unfortunately, the proposal is not nearly enough to expand this vital service to every corner of the state. While the Governor’s proposal would serve an additional 3,660 teen parents and their children throughout the state each year once fully phased-in, the Republican proposal would serve only 230 families in approximately seven county or tribal areas in the first year – and half that number ongoing.</p>
<p><b>No Funding for Critical IT Improvements at the Department of Human Services</b></p>	<p>The Governor’s budget includes a \$9 million investment to update IT systems used to support the administration and delivery of critical human services programs. These systems distribute \$12 billion to 60,000 care providers, counties, and tribes to care for more than 1 million Minnesotans annually.</p> <p>The Republican Health and Human Services budget includes no funding for systems modernization. Their budget in fact eliminates \$20 million in state funding for health care program eligibility systems, which risks losing an additional \$28 million loss in federal funds.</p>

<p><b>70,000 Minnesotans with Disabilities</b></p>	<p>Governor Dayton’s budget offers reforms for home and community based services that will help people with disabilities live and work more independently and to make these services comply with federal rules. About 70,000 Minnesotans use these services each year.</p> <p>The Republican Health and Human Services budget funds some but not all of home and community-based services reforms. The Legislature also includes changes to elderly waiver services and disability waiver rate setting that are largely realized only in the next biennium.</p>
<p><b>27,000 Home Care Workers</b></p>	<p>The Governor also includes a \$48.35 million investment for a self-directed workforce initiative to begin to address the shortage of personal care assistants across the state, helping 27,000 home care workers and creating greater stability for the people they care for.</p> <p>The Legislature includes funding for complex care provided by personal care assistants but no funding for other parts of the proposal. They also make a 50 percent cut (loss of \$61.5 million) for MnCHOICES, which assesses the needs of people with disabilities.</p>
<p><b>100,000 Minnesotans Who Need Access to Health Care</b></p>	<p>Governor Dayton proposes a MinnesotaCare option for the individual market, a \$12.9 million one-time investment that would provide coverage for an estimated 100,000 additional Minnesotans.</p> <p>The Legislature has no funding for this proposal.</p>
<p><b>80,000 Minnesotans Receiving Mental Health Services</b></p>	<p>The Governor also invests \$9.7 million for a 5 percent rate increase for preventive medical care and outpatient mental health services; this would help 93,000 Minnesotans receiving preventive services and 80,000 people receiving mental health services.</p> <p>The Legislature has no funding for this proposal.</p>

<p><b>Dental Care for 1.1 Million Minnesotans</b></p>	<p>The Governor proposes a 54 percent increase in reimbursement rates for dental services to MinnesotaCare and Medicaid enrollees, increasing dental access for nearly 1.1 million people. This change is part of a reform package which has a net savings of \$4.8 million. Only 37 percent of children enrolled in public programs received dental care in 2015; Minnesota is out of compliance with federal law.</p> <p>The Legislature has no funding to improve dental services other than a time-limited grant program.</p>
<p><b>700 Kids Who Need Access to Children’s Mental Health Services</b></p>	<p>Governor Dayton proposes redesign of intensive mental health services for children, a \$6.7 million investment, to address a serious gap in services. Without this funding, treatment beds to serve 700 children could be lost. His budget also reinvests in the county adult mental health infrastructure, a \$5.9 million investment.</p> <p>The Legislature includes funding to redesign intensive mental health services at the same level. The Legislature also funds \$4.2 million in school-linked children’s mental health grants, \$1.5 million to address first episode psychosis, \$1.2 million for children’s mental health collaboratives, \$4 million in innovation grants and \$6 million in other services.</p>
<p><b>Cuts to the Statewide Health Improvement Program</b></p>	<p>The Governor’s budget continues current funding for the Statewide Health Improvement Partnership (SHIP) to support local communities and help Minnesotans live longer, healthier lives and contain health care costs by reducing obesity and tobacco use.</p> <p>The Legislature makes a \$3 million annual reduction to SHIP (17%). This will disproportionately impact Greater Minnesota counties.</p>
<p><b>A 20% Cut to Family Planning Services</b></p>	<p>The Governor’s budget continues current funding for the Family Planning Special Projects (FPSP) program, which supports family planning services for high-risk individuals statewide.</p> <p>The Republican Health and Human Services budget makes a nearly 20% reduction to these family planning grants.</p>

<p><b>A 7% Cut to Essential Public Health Staff</b></p>	<p>Governor Dayton’s budget includes an \$8 million operating adjustment to continue essential public health and infectious disease responses in every Minnesota community. Without these funds MDH will have to reduce 70 full-time equivalent positions, including some of the personnel responding to the worst measles outbreak in nearly 30 years.</p> <p>The Republican Health and Human Services budget makes a 7% reduction for the MDH central office.</p>
<p><b>24% Budget Cut to Department of Human Rights</b></p>	<p>The Republican State Government Finance Budget proposes a major cut of 23.8 percent to the Departments of Human Rights, without identifying any of the services that the Department of Human Rights should reduce or eliminate. The bill only funds 55 percent of Governor Dayton’s proposed budget for the Department. This proposal would also undermine the Department’s ability to maintain the existing regional office in St. Cloud.</p>
<p><b>Putting Minnesotans’ Sensitive Financial and Personal Data at Risk</b></p>	<p>The Republican State Government Budget does not include critical funding to provide cybersecurity protections for Minnesotan’s sensitive financial and personal data. The bill does not include funding for the security software applications that run on MN.IT’s IT infrastructure.</p> <p>Included in Governor Dayton’s cybersecurity investment package was roughly \$18.2 million to improve security, support disaster planning and recovery, and ensure optimal operation of Minnesota Management and Budget’s (MMB) enterprise systems. These systems support accounting, payroll processing, and human resource functions for the entire executive branch and house a large volume of sensitive financial and personal data.</p>

<p><b>24% Budget Cut to Minnesota Management and Budget (MMB)</b></p>	<p>The Republican State Government Budget includes a 24 percent budget cut to Minnesota Management and Budget (MMB). With these cuts, MMB would be forced to reduce services and lay off critical employees.</p> <p>A 24 percent budget cut to MMB is the equivalent of eliminating the entire debt management team, the economic analysis team, the entire budget staff, and a large portion of the accounting services staff. These employees are responsible for:</p> <ul style="list-style-type: none"> <li>• The sale and issuance of state bonds;</li> <li>• The calculation and analysis of the biennial state economic forecast that the legislature relies upon;</li> <li>• The preparation, coordination and execution of the biennial and supplemental operating budgets;</li> <li>• The annual preparation, coordination, and execution of the capital budget;</li> <li>• The maintenance of the state’s general books of account; and</li> <li>• The administration of the statewide accounting system, the central disbursements system, the financial records, and the state’s banking and cash management activities</li> </ul>
<p><b>\$0 For Critical Update to State’s Accounting, Financial and Procurement IT System</b></p>	<p>No funding is provided in the Republican State Government Budget for critical upgrades to increase security, support disaster planning and recovery, and ensure optimal operation of the Information Technology (IT) systems that support the operations of state government.</p> <p>For example, the bill does not fund Minnesota Management and Budget’s (MMB) request for a critical update to our state’s accounting, financial, and procurement IT system, SWIFT (Statewide Integrated Financial Tools). MMB uses this system to pay individuals, businesses, nonprofit organizations, school districts, cities and counties. It bills customers for money due to the state. It is the official system of record for the state’s financial affairs and is critical for supporting priority services to Minnesotans.</p>

<p><b>\$0 to Consolidate 27 State Data Centers Into 6 Locations</b></p>	<p>The Republican State Government Bill includes the Governor’s cybersecurity request that would require MN.IT Services to reduce the number of state datacenters from the current 27 down to six. However, the bill includes none of the roughly \$14 million requested by MN.IT to actually accomplish this objective.</p> <p>Consolidating and reducing the State’s current datacenter footprint down to a more manageable number is the only cost effective means to ensure more secure data center operations – a critical step in bolstering Minnesota’s cybersecurity defenses. Without the funds required to carry out data center consolidation, the language in HF691 amounts to an unfunded mandate.</p> <p>MN.IT has already made significant progress on data center consolidation, reducing the number of state data centers from 49 in 2011 to the current number of 27 as funding was identified to support the effort. It is imperative that the pace of this consolidation be accelerated, however, and such an acceleration cannot occur without the Legislature devoting resources to the effort.</p>
<p><b>Across the Board Cuts for State Agency Operations</b></p>	<p>The Republican State Government Budget would cut the operating budgets of state agencies from 4 percent to nearly 50 percent. This arbitrary reduction of agency budgets is an approach that the Governor does not support. He has insisted that all proposed budget reductions identify the programs and services that will be cut. This budget bill does not provide that clarity.</p>

**Eliminating Common Sense Initiatives That Drive Best Practices and Operational Efficiency**

Rather than making state government more efficient and effective, the Republican State Government Budget would eliminate common sense programs that ensure organizational efficiency, and model best practices in the private sector. These budget cuts are contrary to the notion that “government should operate more like a business” and shortsighted because they would ultimately increase rather than decrease the cost of government.

For example, their budget would eliminate the Minnesota Office of Continuous Improvement, which was established in 2007 as part of Governor Pawlenty's Drive to Excellence initiative. Continuous Improvement initiatives empower state employees to perform better, save taxpayer dollars, and improve services for Minnesotans.

State agencies recently [celebrated the successes](#) of 60 of the best continuous improvement projects for 2016. Defunding this office would make state government less innovative and less efficient.

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