



## 2013 State Legislative Wrap Up May 20, 2013

### **HUMAN SERVICES**

The Health and Human Services omnibus finance bill passed the House Friday night and the Senate Saturday afternoon as is expected to be signed by the Governor. Generally speaking, the final budget bill is very favorable to Minnesota Family Investment Program Employment Services programs, particularly when compared to some of the proposals put forward earlier in the session. In fact, the final proposal differs significantly from what we were seeing even a week ago when MWCA Legislative Action alerts went out.

### **MFIP Consolidated Fund**

Despite earlier proposals to the contrary, the Consolidated Fund will remain fully intact in 2014-2015.

- The House's Housing Vouchers for MFIP Participants initiative was NOT adopted. This would have diverted \$40 million from the Consolidated Fund.
- The MFIP Family Cap will be repealed, but not until 2015. Due to the delay in implementation and the use of an alternative funding source at that time, \$6 million will NOT be diverted from the Consolidated Fund in 2014-2015, as the House had proposed.

### **Rebuilding and Effective MFIP Program**

There is funding for the Governor's "Rebuilding and Effective MFIP Program" included in the budget; however, the overall package did not receive the full funding amount the Governor requested. Therefore, implementation of the initiative will be delayed until the second year of the biennium (thus creating a cost savings).

- New Investments in MFIP Participants:
  - \$2.168 million from the General Fund will be available each year in 2015 and 2016 for Paid Work Experience\*.
  - \$250,000 in each of those years will be available for paid Work Study.
  - \$2 million each of those years will be available to address racial disparities.
  - \$200,000 per year in 14, 15 and 16 is available for teen home visiting.

\*note: The fiscal year begins on July 1 of the previous year indicated in the budget; therefore this funding will be available starting on July 1, 2014 and July 1, 2015.

### **MFIP Performance Measures**

- The proposal does include language allowing DHS to request a waiver from the Federal Department of Health and Human Services regarding MFIP/TANF performance measures.

- The language eliminating the Work Participation Rate as a performance measure was not included in the final budget bill.
- Work Benefit Payments will be eliminated. Currently, an MFIP participant exiting the Diversionary Work Program may receive a payment of \$25 per month to assist in meeting basic needs as the family moves toward self-sufficiency. In an effort to streamline County processes, this program will be suspended, effective December 1, 2014. The Commissioner of Human Services may reinstate the work participation cash benefits program if the United States Department of Human Services determines that the state of Minnesota did not meet the federal TANF work participation rate and sends a notice of penalty to reduce Minnesota's federal TANF block grant.
- County Performance Measures: beginning in 2016, Counties will receive a full 100% of their Consolidated Fund appropriation. If a County exceeds performance measures, it will receive an additional allocation equal to 2.5% of its initial allocation.

A County that performs below its range of expected performance must negotiate a multiyear improvement plan; if no improvement is made, the County's allocation will be decreased by 2.5%.

(Under current law, Counties receive an initial allocation of 95% and can earn an additional 5% by meeting or exceeding performance measures. Effectively, the change made in this bill switches the process to a purely performance-based bonus program rather than an earnings program).

## **JOBS AND ECONOMIC DEVELOPMENT**

Both Economic Development and Workforce Development will see an increase in investment under this budget.

Unfortunately for providers of Dislocated Worker programs, a significant amount of Workforce Development Fund dollars were reappropriated for other uses. Overall, the agreement spends \$8.468 million out of the Workforce Development Fund over what was spent in the last biennium, which will impact the funding available for the Dislocated Worker Program at the local level.

- The Minnesota Youth Program has maintained funding of \$3.5 million per year.
- Youthbuild received a one-time increase of \$500,000. This is in addition to their base funding of \$1 million per year.
- The three Competitive Grants were maintained (Business Development, Adult and Youth) with increases to the amount of funding available in the Business Development and Adult competitive grant pools.
- Direct appropriations were made to the following entities out of the Workforce Development Fund (per biennium):
  - Boys & Girls Clubs- \$1.5 million (ongoing)
  - MN Diversified Industries- \$400,000 (ongoing)
  - Big Brothers Big Sisters- \$250,000 (ongoing)
  - FastTRAC- \$3 million (ongoing)
  - Opportunities Industrialization Centers- \$1 million (ongoing)
  - Minnesota High Tech Association- \$850,000 (one time)
  - Foreign-Trained Health Care Professionals Grants - \$450,000 (one time)

- Autism Spectrum Disorder Pilot Project - \$68,000 (one time)
- There is funding for the initiative spearheaded by Senator Bonoff - Labor Market Information project (DEED must, in collaboration with MnSCU and local workforce councils, produce and publish labor market analysis including job trends, job growth, current vacancies, credentials needed for those vacancies, and other information) and the four Pilot Projects for outreach to schools (NE, Stearns-Benton, Hennepin Carver, and CEP). However, the amount of funding provided to achieve these goals is \$1 million. This is half the amount that was requested to implement these activities. It is unclear at this time how the dollars will be distributed between the LMI activities and the pilot projects as the overall initiative was not fully funded.

## **Economic Development**

Economic development programs received a large increase when compared to previous budgets.

- The Minnesota Investment Fund will receive \$15 million each year, \$30 million over the biennium, a tenfold increase over the 2012-13 budget.
- The Redevelopment Grant Program will receive \$6 million in FY14.
- A Governor Dayton initiative, a new pay for performance Job Creation Fund, will receive \$12 million in FY14 and \$12 million in FY15. An application to DEED would come from the local government. A business would have to invest at least \$500,000 in a capital investment project that includes a new, expanded, or remodeled facility and create at least ten new full-time employee positions within two years or expend at least \$25 million in capital investment and retain at least 200 employees for projects located in the metropolitan area and 75 employees for projects located outside the metropolitan area.
- A recommendation from the Governors Broadband Task Force called for a dedicated state office to implement broadband infrastructure across the state. This bill establishes a new broadband development office within DEED and funds it at \$250,000 per year. The office would be headed by a gubernatorial appointee. The bill also contains a provision that creates a database of road construction projects, allowing broadband infrastructure projects to move forward with transportation projects using a "dig once" policy.
- The Job Skills Partnership Board received funding level to previous years' appropriations.

## **Unemployment Insurance**

- Converting Layoffs into Minnesota Businesses (CLIMB) is created to assist dislocated workers in starting or growing business. The Commissioner of DEED, in cooperation with local workforce councils, would provide assistance by encouraging closer ties between Small Business Development Centers, workforce centers, and other dislocated worker program providers; and by eliminating grantee performance data incentives that would otherwise prevent enrollment of dislocated workers in entrepreneurship-related training.
- Reduces the unemployment tax rate if the state's unemployment insurance trust fund exceeds designated threshold amounts.
- Authorizes the state to request federal funding for the shared work program.

## **OTHER LEGISLATION OF INTEREST**

### **“Ban the Box”**

The Governor signed into law legislation to restrict the timing of pre-employment inquiries by most private employers into a candidate’s criminal past. Employers who are not exempted from the law may not (1) inquire into or consider or require disclosure of criminal record information until the applicant has been selected for an interview or, if there is not an interview, until a conditional job offer of employment has been extended to the applicant, and (2) use any form of employment application that seeks such criminal record information.

The new law does not outright preclude inquiries into or consideration of an applicant’s criminal past.

### **Adult Basic Education Representation on the Governor’s Workforce Development Council**

The Governor signed into law legislation which adds a representative from adult basic education programs to the Workforce Development Council. (Legislation adding an ABE representative to Local Workforce Investment Boards was passed in 2009).