

The conclusion of the 2005 Legislative Session brought some important investments in Minnesota's children and youth, but also left some missed opportunities. Despite the Governor's longstanding resistance to broad-based revenue increases, the final budget agreement did include a more narrowly-focused revenue increase in the form of a "health impact fee" of 75¢ on each pack of cigarettes and related fee increases on other forms of tobacco.

While it was encouraging that the Governor and House ultimately recognized the need to raise additional revenue, the decision to increase the tobacco tax was a step backwards in tax fairness. During the state's surplus years, lawmakers made significant cuts in the state's income tax, a progressive tax that takes into account the taxpayers' ability to pay. These tax cuts, in addition with changes in property taxes, has gradually caused the state's overall tax system to become slightly regressive — that is, low- and moderate-income Minnesotans contribute a larger share of their incomes towards funding state and local government than do high-income residents. The increase in the tobacco tax, the state's most regressive tax, and increases in property taxes, will only exacerbate the trend. Nevertheless, the additional revenues were used to fund important areas of the budget, like education and health care, and helped avoid some of the spending cuts that would have fallen most heavily on low- and moderate-income working families and individuals.

The Situation

Minnesota's children and youth are one of Minnesota's most valuable resources and hold the future hope for the continued social and economic success of our state. Evidence suggests that early investments in their health, education, and general welfare yield incredible benefits for our communities in the long term. Minnesota's historical concern about the welfare of our children and youth has been demonstrated through significant public investment in these key areas. This level of commitment has paid off, with Minnesota consistently ranked number one in national surveys of child well-being.¹

This investment in our children and youth has yielded other benefits as well. In the past decades, Minnesota has been transformed from a state with below-average per-capita personal income to a state that not only exceeds the national average income, but is in the top ten states in the country. One important reason for this success often cited by economists is the state's strong commitment to education, which leads to a high quality workforce that attracts businesses and jobs.

Achieving these results means ensuring that our children and youth — our future workers — have a healthy beginning, are adequately prepared for school, start along a successful social path, and are helped if something goes wrong. However, recent legislative decisions have substantially eroded the public commitment to the investments needed to sustain this progress in both the well-being of our children and the economic success of the state.

In the 2005 Legislative Session, policymakers again had the opportunity to invest in Minnesota's future...or further erode those commitments. The Governor and House offered proposals which differed noticeably from the Senate. Both the Governor and House budget plans would have further reduced access to quality child care and limited the opportunities to help youth get back on the right path. The Senate, on the other hand, avoided most of these reductions, and moved towards reversing some of the worst of the cuts made in the past.

The divergent approaches of these budget proposals reflected not only a significant difference in priorities, but were also the consequence of broader budget decisions. The commitment to avoid raising state taxes meant that the Governor and House could only fill the state's budget deficit and make new investments in areas such as K-12 education and public safety by cutting spending in other parts of the budget, particularly health and human services. Since the Senate had more budgeting tools on the table, it had greater flexibility to invest in the state's children and youth. As the session progressed, the Governor and House acknowledged some major revenue increases would be necessary to meet the needs of the state in areas like education and health care.

What Happened in the 2003 Legislative Session?

The proposals for the current legislative session build on the decisions made by past legislative sessions. Sadly, in 2003, many programs for Minnesota's youngest residents were at the heart of the budget debates at the state legislature. In the end, elected officials made a number of decisions to balance the budget in the short-term by jeopardizing the immediate welfare of our children and the long-term health of our communities.²

Although policymakers enacted some improvements in mental health benefits and screening for children in 2003, Minnesota also took some steps backwards by reducing access to health care for children and their parents. Over 26,600 Minnesotans, including parents and children, were expected to lose their health care coverage in the FY 2004-05 biennium as a result of the decisions made in the 2003 Legislative Session.

The final 2003 budget also consolidated funding for over a dozen children's grant programs and several community social service programs into a single block grant, the Children and Community Services Act, while significantly reducing the funding. This decision placed significant financial pressures on county governments who must now, for example, fund child protection, services for children with severe emotional disturbances, and services for adults with developmental disabilities out of this consolidated and reduced source of funding. Help for disabled children also became more of a challenge as their parents saw significant increases in the fees they pay for TEFRA services, which allows parents to care for their disabled children, usually in their own homes. And funding for special education programs, which serve nearly 116,000 students with disabilities from birth to age 21, saw a sizeable reduction when the Legislature removed the automatic growth factors built into their funding formulas.

Keeping children healthy and making the most of their early childhood years also means ensuring a quality child care situation is available for them while their parents are at work. Research indicates that the first five years of a child's life are the most critical for development. And studies show that high quality care and education has the greatest impact on children from low-income families. Unfortunately, the 2003 budget solution made child care less affordable for low- and moderate-income working families by increasing copayments, freezing provider reimbursement rates, increasing provider fees, and reducing eligibility for access to assistance. These changes have had particularly disturbing consequences for families participating in the Minnesota Family Investment Program, (MFIP), Minnesota's welfare-to-work program. A number of these families have stopped using child care assistance over the current biennium even though work participation rates have not dropped. The Department of Human Services does not know what alternative arrangements have been made for these children as their parents continue to work.³

Sending our children to school prepared to learn is a proven investment. Unfortunately, budget decisions made in 2003 limited the opportunities available for children and their parents. Key early childhood programs like Head Start, School Readiness, and Early Childhood Family Education (ECFE) all experienced funding reductions. These programs assist young children and their parents in issues ranging from proper nutrition to child development, including

ensuring children have the proper skills and social behaviors to enter the classroom ready to be engaged and productive, not disengaged or disruptive.

Ultimately, we want our youth to develop into healthy, productive, well-rounded adults who are equipped to give back and sustain the community. Unfortunately, youth face many potential roadblocks to these results as they pass through their adolescent years. After School Enrichment was a statewide program for youth designed to intervene before young people start making bad choices. These out-of-school programs aided youth in developing better decision-making skills, provided tutoring and homework assistance, and offered many other positive activities to ensure healthy development during this critical time in our children's lives. Funding for these programs was eliminated in the 2003 Legislative Session.⁴ Several tobacco prevention programs, such as the youth-oriented Target Market, also disappeared when policymakers used the Tobacco Endowment to help fill the state's budget deficit.

Minnesota has also developed a range of other opportunities to aid youth having more trouble making the transition from adolescence to adulthood. Some services for at-risk youth, including YouthBuild, the Minnesota Youth Program, and the Youth Intervention Program, saw their state funding reduced in the 2003 Legislative Session by 11 to 27%. These programs help high school dropouts, potential dropouts, homeless, chemically dependent, and otherwise at-risk youth by providing them with employment training, counseling, mentoring, and other support services.

It is difficult to evaluate the impact of these budget cuts so soon after they have taken effect. However, early information already shows that there are fewer opportunities for at-risk youth, thousands of Minnesotans have lost their health care coverage, and more children may be in unsafe situations while their parents are at work. Today's children will be the future leaders of our country, and repeated studies have established that quality programs create positive benefits for the community, including more engaged, self-sufficient, stable, and happy citizens. As a result of these funding reductions, we are losing out on the opportunity to aid our youngest residents and their families as these children progress through the most critical stages of development into adulthood. For Minnesota to continue along this path is disastrous for the well-being of our children, as well as the long-term social and economic health of the state.

Evaluating What Happened in the 2005 Legislative Session

While making some steps forward, both the Governor and House included numerous proposals for the FY 2006-07 biennium that would have further reduced or eliminated supports for the children who need it most. The Senate proposal, on the other hand, preserved many of the programs reduced or eliminated by the Governor and House, and also included additional investments in early childhood programs.

Keeping Children Healthy

The Governor, House, and Senate agreed on a number of provisions including funding for some **expanded mental health coverage**, creating incentives for earlier **childhood health and development screening**, and offering assistance to **young adults transitioning from longer-term foster care**. These provisions were all included in the final bill.

However, all three proposals also continued to delay \$50 million in funding intended to support the development of regional delivery systems under the **Children and Community Services block grant**. Included in this block grant is money that was previously dedicated to children's mental health services, but now must compete with a wide variety of other important services for disabled or chemically dependent adults. The final agreement eliminated this funding entirely.

The Governor and House also proposed changes to **health care eligibility** levels that would have resulted in at least 8,200 working parents losing their health care coverage through MinnesotaCare. The loss of insurance coverage puts their children at risk. Research has found

that children of uninsured parents may be less likely to get the health care they need. For example, a recent study by the Minnesota Department of Health found that children whose parent was uninsured were significantly less likely to meet “well child” visit guidelines.⁵ Fortunately, these eligibility cuts were not included in the final agreement.

Preparing Children to Learn

The Governor and House proposed to continue the freeze on **child care provider reimbursement rates**. When reimbursement rates were initially set in 2003, approximately 80% of child care centers and family child care providers were at or below the state’s maximum reimbursement rate. Due to the rate freeze for the FY 2004-05 biennium, by 2004 only 57% of centers and 68% of family child care providers were still at or below the maximum rate. Families can still use any child care provider, but they are responsible for paying the difference between the state’s maximum reimbursement rate and the provider’s actual rate. The continued rate freeze would only serve to further reduce access to quality child care for working Minnesotans as eligible families stop using care because they cannot afford to pay both the required copayment and this growing additional “premium”.

The Senate proposed to lift the freeze on child care reimbursement rates and use federal funds to expand eligibility for the child care assistance program and lower parent copayments.

The final agreement represents little progress for child care. The Health and Human Services Working Group agreed to a one-time 1.75% increase in the maximum provider reimbursement rate effective January 2006 and invested a small amount to reduce parental copayments. The final bill also included a House provision to limit the number of absent days for which a provider may be reimbursed unless the child has a documented medical condition.

Early childhood programs, which saw significant reductions in the 2003 Session, were also not immune in this round of budget cuts. The Governor proposed to phase in new program requirements for the **School Readiness** program, which enables children to begin school with the skills and behaviors necessary for success. The Governor would have reduced the money available for these activities in order to fund the staff needed to administer the new requirements.

The House proposal was more supportive than the Governor of parents preparing their children for school, including significant additional funding for one early childhood program, **Early Childhood and Family Education (ECFE)** and some one-time funds for the **Minnesota Early Learning Foundation (MELF)**. The Senate proposed additional funding for several early childhood programs – including School Readiness, ECFE, and **Head Start** – and also recommended one-time funding for MELF.

By the end of the Special Session, there was only a small amount of money remaining in negotiations to fund early childhood programs. Working group members agreed on smaller increases for both ECFE and Head Start, in addition to \$1 million for MELF.

Helping Children Succeed

Through the “**Get Ready, Get Credit**” program included in the Governor’s budget, highly motivated and successful high school students would have more opportunities to earn college credits, with special priority given to low-income students. The House also included these proposals in their budget, while the Senate did not.

The final agreement included increased funding for Advanced Placement and International Baccalaureate programs, an Educational Planning and Assessment System, and funding for college level examinations for high school students.

Helping When Things Go Wrong

While providing assistance for highly-motivated and successful high school students, the Governor and House proposed to take opportunities away from their struggling peers. Both proposals ended state funding for programs like **Minnesota YouthBuild**, the **Minnesota Youth Program**, and **Learn to Earn**. These programs help high school dropouts, potential dropouts, and other at-risk youth by providing them with employment training, counseling, mentoring, and other support services. The House included some additional funds for the **Youth Intervention Program**, one of the remaining programs to assist at-risk youth. The Senate, on the other hand, maintained funding for Minnesota YouthBuild, the Minnesota Youth Program, and Learn to Earn, with some additional funding for the Youth Intervention Program.

The final bill maintained funding for the Youth Intervention Program and provided temporary funding for Minnesota YouthBuild and the Minnesota Youth Program from the Workforce Development Fund. Initially, the Legislature also approved General Fund support for the Minnesota Youth Program and Learn to Earn, but the Governor vetoed the funding, eliminating all state money for the Learn to Earn program. The final bill also included funding for an initiative that was in all three proposals to assist young adults that are making the transition from long-term foster care to independence.

Summary of FY 2006-07 Budget Proposals: Impact on Children & Youth (General Fund Only)

	Change from Base (\$ are in thousands)			
	Governor	House	Senate	Final
Keeping children healthy - Total	-\$45,328	-\$45,329	-\$45,328	-\$45,329
Mental Health Coverage	\$3,406	\$3,406	\$2,269	\$3,406
Early Childhood Health & Development Screening	\$1,266	\$1,265	\$1,266	\$1,265
Children and Community Services Act	-\$50,000	-\$50,000	-\$50,000	-\$50,000
Preparing children to learn - Total	-\$68,558	-\$52,663	\$24,408	-\$48,611
School Readiness	-\$369	\$0	\$3,686	\$0
Early Childhood & Family Education	\$0	\$15,535	\$10,554	\$5,243
Head Start	\$0	\$0	\$7,668	\$4,000
Minnesota Early Learning Foundation	\$0	\$1,500	\$2,500	\$1,000
Basic Sliding Fee Child Care Assistance	-\$15,632	-\$16,282	\$0 ¹	-\$11,712
MFIP/TY Child Care Assistance	-\$52,557	-\$53,416	\$0 ²	-\$47,142
Helping children succeed - Total	\$11,577	\$7,577	\$0	\$11,577
Advanced Placement/Int'l Baccalaureate Programs	\$7,444	\$3,444	\$0	\$7,444
Educational Planning and Assessment System	\$1,658	\$1,658	\$0	\$1,658
College Level Examination Program	\$2,475	\$2,475	\$0	\$2,475
Helping when things go wrong - Total	-\$8,013	-\$7,013	\$2,247	-\$8,013
Young Adults Transitioning from Long-Term Foster Care	\$2,247	\$2,247	\$2,247	\$2,247
Learn to Earn	-\$366	-\$366	\$0	-\$366
Minnesota YouthBuild	-\$1,514	-\$1,514	\$0	-\$1,514 ³
Minnesota Youth Program	-\$8,380	-\$8,380	\$0	-\$8,380 ⁴
Youth Intervention Program	\$0	\$1,000	\$0 ⁵	\$0

Note: These budget changes are all described in further detail in the following pages.

¹ The Senate proposal does not change General Fund spending for this program, but does use \$13.2 million in federal CCDF funds for the FY 2006-07 biennium to expand eligibility and decrease copayments.

² The Senate proposal does not change General Fund spending for this program, but does use \$1.8 million in federal TANF funds for the FY 2006-07 biennium to expand eligibility and decrease copayments.

³ The final agreement includes \$1.5 million from the Workforce Development Fund for the FY 2006-07 biennium.

⁴ The final agreement includes \$6 million from the Workforce Development Fund for the FY 2006-07 biennium.

⁵ The Senate proposal does not change General Fund spending for this program, but does use \$2.0 million from the Workforce Development Fund for the FY 2006-07 biennium to provide additional funding for this program.

A brief guide to using this document:

Each budget change item listed below includes a brief summary of the program, information about any changes made by the 2003 Legislature, a description of the Governor’s proposal, House proposal, and Senate proposal for that program, and the financial details of the proposed change. Because many programs refer to Federal Poverty Guidelines (FPG) in setting eligibility, a reference table is provided below. The information in this document comes from the Governor’s 2006-07 Biennial Budget materials, House and Senate analysis documents, information presented at House and Senate Committee Hearings, and details provided by nonprofit organizations and advocates.

- **“Committee”** – refers to the House or Senate committee that has primary responsibility for the program.
- **“Fund”** – refers to whether the change impacts the General Fund (GF) or another fund, such as the Health Care Access Fund (HCAF), Workforce Development Fund (WKDF), Temporary Assistance for Needy Families (TANF), or Special Revenue (SR).
- **“Base”** – refers to the current law level of funding for the program (if no changes were made).
- **“Governor”/“House”/“Senate”/“Final”** – represent the amount of the proposed change from base – negative numbers indicate a reduction in the program, positive numbers indicate increased funding.

2005 Federal Poverty Guidelines (FPG) ⁶

Family Size	50%	75%	100%	150%	175%	190%	250%	275%
1	\$4,785	\$7,178	\$9,570	\$14,355	\$16,748	\$18,183	\$23,925	\$26,318
2	\$6,415	\$9,623	\$12,830	\$19,245	\$22,453	\$24,377	\$32,075	\$35,283
3	\$8,045	\$12,068	\$16,090	\$24,135	\$28,158	\$30,571	\$40,225	\$44,248
4	\$9,675	\$14,513	\$19,350	\$29,025	\$33,863	\$36,765	\$48,375	\$53,213
5	\$11,305	\$16,958	\$22,610	\$33,915	\$39,568	\$42,959	\$56,525	\$62,178
6	\$12,935	\$19,403	\$25,870	\$38,805	\$45,273	\$49,153	\$64,675	\$71,143
7	\$14,565	\$21,848	\$29,130	\$43,695	\$50,978	\$55,347	\$72,825	\$80,108
8	\$16,195	\$24,293	\$32,390	\$48,585	\$56,683	\$61,541	\$80,975	\$89,073

Keeping Children Healthy

Improve Mental Health Coverage (Dept. of Human Services)

Governor's Budget: The Governor's proposal recommends improving mental health services for people enrolled in Medical Assistance (MA), MinnesotaCare (MnCare), and General Assistance Medical Care (GAMC) by adding the following treatment options:

- MA would cover treatment foster care for children and youth with severe emotional disturbances. The service would combine intensive case management and therapy support in the home of specially trained and supported foster parents.
- MA, GAMC, and MnCare would cover case consultation between a psychiatrist and primary care physician in order to address the acute shortage of psychiatrists and the reality that much of the care for persons with mental illness is handled through primary care physicians.
- MA, GAMC, and MnCare would cover mental health services provided to patients using interactive video that meets certain quality standards.
- Assertive Community Treatment (ACT) is a non-residential rehabilitative mental health service provided by a multidisciplinary staff using an evidence-based, total team approach directed to recipients with serious mental illness who require intensive services. The Governor would expand coverage to include this treatment for 16 and 17-year-old Medical Assistance enrollees who are making a transition to independent living.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate adopts the Governor's proposal to improve mental health services, but requires counties to pay for 25% of the total costs.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base							
	Governor	GF	\$205	\$3,201	\$3,406	\$4,724	\$6,228	\$10,952
Health	House	GF	\$205	\$3,201	\$3,406	\$4,724	\$6,228	\$10,952
Health & HS	Senate	GF	\$205	\$2,064	\$2,269	\$3,217	\$4,266	\$7,483
Health & HS	FINAL	GF	\$205	\$3,201	\$3,406	\$4,724	\$6,228	\$10,952

Early Childhood Health & Development Screening (Dept. of Education)

Program Summary: This program promotes educational readiness and improved health of young children through the early detection of factors that may impede a child's learning, growth, and development.

Governor's Budget: The Governor's proposal creates variable reimbursement rates to provide an incentive for school districts to screen children at age three, increasing the likelihood that children who need services will get timely help and be ready for kindergarten. School districts currently receive \$40 in state aid for each child screened, regardless of age. The Governor would change the rates to \$50 per child for age three, \$40 for ages two and four, and \$30 for children age five or older. Funding would increase by 28% in FY 2007 and then begin to taper off as the number of four- and five-year-olds who require screening declines.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate adopts the Governor's position.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$2,661	\$2,661	\$5,322	\$2,661	\$2,661	\$5,322
	Governor	GF	\$415	\$851	\$1,266	\$678	\$694	\$1,372
Education	House	GF	\$415	\$850	\$1,265	\$678	\$694	\$1,372
Early Childhood	Senate	GF	\$415	\$851	\$1,266	\$678	\$694	\$1,372
E-12 Education	FINAL	GF	\$415	\$850	\$1,265	\$678	\$694	\$1,372

Children and Community Services Act (Dept. of Human Services)

Funding Eliminated

Program Summary: The Children and Community Services Act (CCSA) supports people who experience disparate treatment and poor outcomes due to factors such as dependency, abuse, neglect, poverty, disability, and chronic health conditions and provides funds for family members to support those individuals. Included in this block grant are \$21 million in state funds previously dedicated to children's mental health which must now compete with a wide variety of other important programs for persons with disabilities or chemically dependent adults.

2003 Changes: As part of the budget-balancing solution in 2003, the state consolidated funding for 15 grant programs in the CCSA and allocated funding to the counties based on a formula. The Legislature also made a one-time 20% funding reduction for FY 2004-05.

Governor's Budget: The Governor's proposal would continue the funding reduction through the next biennium. These funds, \$50 million for the biennium, were intended to support the development of regional delivery systems.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate adopts the Governor's position.

Final Agreement: Instead of delaying this funding, the final bill eliminates it.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$93,488	\$93,488	\$186,976	\$93,488	\$93,488	\$186,976
	Governor	GF	-\$25,000	-\$25,000	-\$50,000	\$0	\$0	\$0
Jobs & Eco Opp	House	GF	-\$25,000	-\$25,000	-\$50,000	\$0	\$0	\$0
Health & HS	Senate	GF	-\$25,000	-\$25,000	-\$50,000	\$0	\$0	\$0
Health & HS	FINAL	GF	-\$25,000	-\$25,000	-\$50,000	-\$25,000	-\$25,000	-\$50,000

Preparing Children to Learn

School Readiness Program (Dept. of Education)

Funding Maintained

Program Summary: 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.

2003 Changes: In the 2003 Legislative Session, the state transferred all school district School Readiness reserves to the General Fund, resulting in a nearly \$2 million reduction in base funding for FY 2004-05 and \$2.6 million in FY 2006-07.

Governor's Budget: The Governor's proposal would phase in new program requirements focused on academic preparation for kindergarten, with all districts required to meet the new standards by FY 2009 in order to receive state aid. The Governor reduces the School Readiness appropriation by the amount needed to fund the 2.25 staff positions necessary to administer the new requirements.

House Proposal: The House does not propose any changes to this program.

Senate Proposal: The Senate proposal would increase funding for the School Readiness program, but does not accept the Governor's restructuring of the program.

Final Agreement: The final bill adopts the House position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$9,020	\$9,042	\$18,062	\$9,087	\$9,095	\$18,182
	Governor	GF	-\$169	-\$200	-\$369	-\$200	-\$200	-\$400
Education	House	GF	\$0	\$0	\$0	\$0	\$0	\$0
Early Childhood	Senate	GF	\$1,686	\$2,000	\$3,686	\$2,000	\$2,000	\$4,000
E-12 Education	FINAL	GF	\$0	\$0	\$0	\$0	\$0	\$0

Funding Increased

Early Childhood & Family Education (Dept. of Education)

Program Summary: 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 all parents to provide the best possible environment for the healthy growth and development of their children.

2003 Changes: 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 revenue was to be reallocated to other districts for other ECFE programs. In 2003, the reallocation was eliminated and all reserves in excess of 25% were returned to the General Fund. Also, funding was reduced from \$120 to \$95 times the greater of 150 or the number of people under age 5 residing in the district.

Governor's Budget: The Governor recommends maintaining funding for ECFE at current law levels.

House Proposal: The House proposal increases funding for this program from the current \$95 per child under 5 residing in the district to \$115 per child in FY 2006 and \$125 in FY 2007.

Senate Proposal: The Senate proposal increases funding for this program from the current \$95 per child under 5 residing in the district to \$112 per child.

Final Agreement: The final bill increases funding for this program from the current \$95 per child under 5 residing in the district to \$104 per child.

Change from Base (\$ are in thousands)

Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$11,958	\$12,292	\$24,250	\$12,672	\$13,028	\$25,700
	Governor	GF	\$0	\$0	\$0	\$0	\$0	\$0
Education	House	GF	\$5,694	\$9,841	\$15,535	\$10,515	\$10,623	\$21,138
Early Childhood	Senate	GF	\$4,807	\$5,747	\$10,554	\$5,804	\$5,860	\$11,664
E-12 Education	FINAL	GF	\$2,398	\$2,845	\$5,243	\$2,933	\$3,015	\$5,948

Funding Increased

Head Start (Dept. of Education)

Program Summary: Head Start provides a comprehensive, individualized program of health, nutrition, education, parent involvement, and social services to children and families. The program primarily serves 3- to 5-year-olds from low-income families, with some programs serving infants, toddlers, and pregnant mothers. At least 90% of enrolled children must come from families who are living at or below the federal poverty level or participating in the Minnesota Family Investment Program (MFIP), 10% of enrollment is reserved for children with diagnosed disabilities.

2003 Changes: In 2003, the Legislature cut state funding for this program by nearly 7% for the FY 2006-07 biennium.

Governor's Budget: The Governor recommends maintaining current law funding for Head Start.

House Proposal: The House recommends maintaining current law funding for Head Start.

Senate Proposal: The Senate proposal would increase funding for Head Start by nearly \$7.7 million for the FY 2006-07 biennium.

Final Agreement: The final bill increases funding for Head Start by \$4 million for the FY 2006-07 biennium.

Change from Base (\$ are in thousands)

Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$17,100	\$17,100	\$34,200	\$17,100	\$17,100	\$34,200
	Governor	GF	\$0	\$0	\$0	\$0	\$0	\$0
Education	House	GF	\$0	\$0	\$0	\$0	\$0	\$0
Early Childhood	Senate	GF	\$3,768	\$3,900	\$7,668	\$3,900	\$3,900	\$7,800
E-12 Education	FINAL	GF	\$2,000	\$2,000	\$4,000	\$2,000	\$2,000	\$4,000

Minnesota Early Learning Foundation (Dept. of Education)

Program Summary: The Minnesota Early Learning Foundation (MELF) is a public-private partnership that will identify and support the best ways to deliver quality early childhood care and education to children in Minnesota who are not prepared with the skills they need for kindergarten. The leaders of Cargill, The McKnight Foundation, and the Greater Twin Cities United Way are contributing a total of \$2.5 million to support the establishment of the Minnesota Early Learning Foundation (MELF).

Governor's Budget: The Governor does not recommend any funding for this initiative.

House Proposal: The House proposal includes \$1.5 million in funding in FY 2006.

Senate Proposal: The Senate proposal includes \$2.5 million in funding in FY 2006.

Final Agreement: The final bill provides \$1 million in funding in FY 2006.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$0	\$0	\$0	\$0	\$0	\$0
	Governor	GF	\$0	\$0	\$0	\$0	\$0	\$0
Education	House	GF	\$1,500	\$0	\$1,500	\$0	\$0	\$0
Early Childhood	Senate	GF	\$2,500	\$0	\$2,500	\$0	\$0	\$0
E-12 Education	FINAL	GF	\$1,000	\$0	\$1,000	\$0	\$0	\$0

Basic Sliding Fee Child Care Assistance Provider Rates (Dept. of Human Services)

Program Summary: Basic Sliding Fee (BSF) helps low- and moderate-income families who are not participating in the Minnesota Family Investment Program (MFIP) with the costs of child care. The program charges a sliding fee scale based on family income for families who are engaged in authorized work, education, and job search activities. Currently, families with incomes below 175% of the federal poverty guidelines (FPG) and children under age 13 are eligible to enter the program, and lose eligibility when their income exceeds 250% FPG.

2003 Changes: The 2003 Legislature reduced General Fund spending for BSF by 50% for the FY 2004-05 biennium.

The savings was achieved through a number of changes, including increasing copayments for families, reducing eligibility levels, and freezing provider rates. The maximum rates for child care providers for the FY 2004-05 biennium were frozen at the 2003 level, which were determined by a 2001 statewide survey of actual child care rates. When these rates were initially set, approximately 80% of child care centers and family child care providers were at or below the state's maximum reimbursement rate. Due to the rate freeze, by 2004 only 57% of centers and 68% of family child care providers were still at or below the maximum rate. Families still can use these child care providers, but they must pay the difference between the state maximum rate and the provider's actual rate, in addition to their copayment.

Governor's Budget: The Governor's proposal would continue to freeze rates paid to providers at the FY 2003 level through FY 2007. Beginning in FY 2008, the Governor would contain costs in the program by increasing maximum provider rates by the Consumer Price Index starting from the FY 2003 reimbursement levels. Previously, maximum rates were based on a statewide survey of actual provider rates. The proposal would also adjust the child care center rates in some counties that were negatively impacted by the use of regional or statewide rates by using the greater of the current rate or the highest rate reported for that county in a 2002 rate survey.

House Proposal: The House follows the Governor's proposal to continue to freeze the provider rates at the FY 2003 level through FY 2007. The House also includes a plan to limit the number of absent days for which a provider may be reimbursed to 25 per child per fiscal year unless the child has a documented medical condition.

Senate Proposal: The Senate would not continue the freeze on provider rates. The Senate also uses \$18.3 million in federal child care funds (CCDF) that were not spent in the FY 2004-05 biennium to: 1) expand the eligibility for entrance into the program from families with incomes below 175% FPG to 200% FPG, and 2) decrease copayments.

Final Agreement: The final bill provides a 1.75% cost of living adjustment (COLA) in 2006 only. The bill also includes some reductions in parental copayments and adopts the House position to limit reimbursed absent days.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$30,262	\$30,262	\$60,524	\$30,262	\$30,262	\$60,524
	Governor	GF	-\$10,041	-\$5,591	-\$15,632	-\$3,361	-\$1,006	-\$4,367
	Governor	CCDF	\$0	\$0	\$0	\$0	\$0	\$0
Jobs & Eco Opp	House	GF	-\$10,216	-\$6,066	-\$16,282	-\$3,850	-\$1,510	-\$5,360
Jobs & Eco Opp	House	CCDF	\$0	\$0	\$0	\$0	\$0	\$0
Early Childhood	Senate	GF	\$0	\$0	\$0	\$7,109	\$7,109	\$14,218
Early Childhood	Senate	CCDF	\$4,695	\$8,577	\$13,272	\$2,381	\$2,381	\$4,762
Health & HS	FINAL	GF	-\$9,305	-\$2,407	-\$11,712	-\$1,259	-\$93	-\$1,352
Health & HS	FINAL	CCDF	\$0	\$0	\$0	\$0	\$0	\$0

MFIP/TY Child Care Assistance Provider Rates (Dept. of Human Services)

Program Summary: This program helps pay the child care costs of low- and moderate-income families who are participating in the Minnesota Family Investment Program (MFIP) or Transitional Year (TY) assistance. The program charges a sliding fee scale based on family income for child care while parents are engaged in authorized work, education, and job search activities.

2003 Changes: In 2003, the state made a number of changes to this program – including increasing parental copayments and freezing provider rates at the FY 2003 level – which resulted in a 20% reduction in General Fund spending for MFIP/TY Child Care Assistance. During the current biennium, a number of MFIP families have stopped using child care assistance even though work participation rates have not dropped. The Department of Human Services (DHS) is not sure what other arrangements have been made for these children while their parents continue to work. DHS expects that an additional 700 eligible families will stop using child care assistance in the 2006-07 biennium. One likely cause for this decline in usage is that parents are unable to afford to pay both the standard copayment *and* the “premium” – the difference between the state’s maximum reimbursement rate and the actual rate the child care provider is charging.

Governor’s Budget: The Governor’s proposal would continue to freeze the provider rates at the FY 2003 level through FY 2007 and afterwards would contain costs in the program by increasing maximum provider rates by the Consumer Price Index starting from the FY 2003 reimbursement levels. Previously, maximum rates were based on a statewide survey of actual provider rates. The proposal would also adjust the child care center rates in some counties that were negatively impacted by the use of regional or statewide rates by using the greater of the current rate or the highest rate reported for that county in the 2002 rate survey.

House Proposal: The House follows the Governor’s proposal to continue to freeze the provider rates at the FY 2003 level through FY 2007. The House also includes a plan to limit the number of absent days for which a provider may be reimbursed to 25 per child per fiscal year unless the child has a documented medical condition. The House plan would substitute \$48.5 million in federal Temporary Assistance for Needy Families (TANF) funds for General Fund dollars for the FY 2006-07 biennium.

Senate Proposal: The Senate would allow the freeze on provider rates to be lifted. The Senate would also use TANF funds to increase income eligibility for transition year child care assistance and decrease family copayments for MFIP/TY child care.

Final Agreement: The final bill provides a 1.75% cost of living adjustment (COLA) in 2006 only. The bill also includes some reductions in parental copayments and adopts the House position to limit reimbursed absent days.

Change from Base (\$ are in thousands)

Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$81,635	\$91,365	\$173,000	\$98,610	\$103,234	\$201,844
	Governor	GF	-\$22,289	-\$30,268	-\$52,557	-\$31,348	-\$32,039	-\$63,387
	Governor	TANF	\$0	\$0	\$0	\$0	\$0	\$0
Jobs & Eco Opp	House	GF	-\$22,519	-\$30,897	-\$53,416	-\$32,016	-\$32,731	-\$64,747
Jobs & Eco Opp	House	TANF	\$0	\$0	\$0	\$0	\$0	\$0
Health & HS	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
Health & HS	Senate	TANF	\$756	\$1,091	\$1,847	\$1,105	\$1,127	\$2,232
Health & HS	FINAL	GF	-\$19,909	-\$27,233	-\$47,142	-\$32,938	-\$37,875	-\$70,813
Health & HS	FINAL	TANF	\$0	\$0	\$0	\$0	\$0	\$0

Helping Children Succeed

Advanced Placement/International Baccalaureate Program (Dept. of Education)

Funding Increased

Program Summary: AP and IB courses offer students rigorous, challenging courses of study as part of regular offerings in secondary schools. Students have the opportunity to take an exam at the conclusion of each course that can provide college credit for courses taken in high school. The program currently provides partial reimbursement of training for teachers of AP/IB programs, reimbursement of examination fees for students of low-income families, and reimbursement of approximately 40% of examination fees for other students.

2003 Changes: In the 2003 Legislative Session, at the Governor's recommendation, funding for this program was reduced by 22% for the FY 2004-05 biennium.

Governor's Budget: As part of the "Get Ready, Get Credit" proposal, the Governor would increase funding by 157% for the AP/IB program and include an additional \$5 million in one-time funds for FY 2006-07. The proposal would provide that students passing examinations with a three or above would receive college credit, would add a stipend for teachers of AP/IB programs based on numbers of students passing the examinations, and would provide resources for schools to receive one-time start-up funds to implement AP or IB programs in secondary and middle schools.

House Proposal: The House proposal would provide additional funding for this program.

Senate Proposal: The Senate maintains current law funding for this program.

Final Agreement: The final bill adopts the Governor's position, but continues \$5 million in additional funding through the FY 2008-09 biennium.

Change from Base (\$ are in thousands)

Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$778	\$778	\$1,556	\$778	\$778	\$1,556
	Governor	GF	\$3,722	\$3,722	\$7,444	\$1,222	\$1,222	\$2,444
Education	House	GF	\$1,722	\$1,722	\$3,444	\$1,222	\$1,222	\$2,444
K-12 Education	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
E-12 Education	FINAL	GF	\$3,722	\$3,722	\$7,444	\$3,722	\$3,722	\$7,444

Educational Planning and Assessment System (Dept. of Education)

New Program

Governor's Budget: As part of the "Get Ready, Get Credit" program, the Governor proposes that school districts and charter schools voluntarily participate in the Educational Planning and Assessment System (EPAS) program which provides a longitudinal, systematic approach to educational and career planning, assessment, instructional support, and evaluation. The EPAS system will use ACT tests in grades 8 and 10 to determine student strengths and weaknesses in preparation for college.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate does not fund this program.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)

Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$0	\$0	\$0	\$0	\$0	\$0
	Governor	GF	\$829	\$829	\$1,658	\$829	\$829	\$1,658
Education	House	GF	\$829	\$829	\$1,658	\$829	\$829	\$1,658
K-12 Education	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
E-12 Education	FINAL	GF	\$829	\$829	\$1,658	\$829	\$829	\$1,658

College Level Examination Program (Dept. of Education)

New Program

Governor's Budget: As part of the "Get Ready, Get Credit" program, the Governor proposes that students who successfully earn a particular score on a College Level Examination Program (CLEP) test would earn undergraduate credit from Minnesota State Colleges and Universities (MnSCU) institutions. The Governor also encourages the University of Minnesota to agree to grant college credit under this program. Students will be eligible to receive state reimbursement for up to six exams up to a capped state appropriation. Preference will be given to low-income students. The goal is 5,000 student reimbursements for CLEP tests in FY 2007 and 7,500 in FY 2008.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate does not fund this program.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$0	\$0	\$0	\$0	\$0	\$0
	Governor	GF	\$825	\$1,650	\$2,475	\$1,650	\$1,650	\$3,300
Education	House	GF	\$825	\$1,650	\$2,475	\$1,650	\$1,650	\$3,300
K-12 Education	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
E-12 Education	FINAL	GF	\$825	\$1,650	\$2,475	\$1,650	\$1,650	\$3,300

Helping When Things Go Wrong

Young Adults Transitioning from Long-Term Foster Care (Dept. of Human Services)

New Program

Program Summary: Every year there are youth graduating from high school that are "aging out" of the foster care system. A number of these youth have some disability that impairs their ability to attain stable housing.

Governor's Budget: The Governor proposes this new program that would combine public, business, and philanthropic resources to assist older youth transitioning from foster care and reduce their risk of homelessness. The program would include a comprehensive assessment of youth in transition; development and implementation of an independent living plan for the individual; teaching youth life skills; and opportunities to pursue post-secondary education or employment.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate adopts the Governor's position.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$0	\$0	\$0	\$0	\$0	\$0
	Governor	GF	\$1,125	\$1,122	\$2,247	\$1,122	\$1,122	\$2,244
Jobs & Eco Opp	House	GF	\$1,125	\$1,122	\$2,247	\$1,122	\$1,122	\$2,244
Health & HS	Senate	GF	\$1,125	\$1,122	\$2,247	\$1,122	\$1,122	\$2,244
Health & HS	FINAL	GF	\$1,125	\$1,122	\$2,247	\$1,122	\$1,122	\$2,244

Learn to Earn (Dept. of Employment & Economic Development)

State Funding Eliminated

Program Summary: Learn to Earn provides positive park maintenance, work experience, and educational opportunities to approximately 120 unemployed or underemployed at-risk youth ages 14 to 18 in Minneapolis each year.

2003 Changes: Base funding for this program was reduced by 23% in the 2003 Legislative Session.

Governor's Budget: The Governor's proposal would eliminate state funding for this program.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate proposal would continue current law state funding for this program.

Final Agreement: In the final bill, the House and Senate maintained current law funding for Learn to Earn for the FY 2006-07 biennium, then eliminated state funding for the program in the FY 2008-09 biennium. The Governor, however, line item vetoed the funding for the FY 2006-07 biennium.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$183	\$183	\$366	\$183	\$183	\$366
	Governor	GF	-\$183	-\$183	-\$366	-\$183	-\$183	-\$366
Jobs & Eco Opp	House	GF	-\$183	-\$183	-\$366	-\$183	-\$183	-\$366
Ag, Env & ED	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
Ag, Env & ED	FINAL	GF	-\$183	-\$183	-\$366	-\$183	-\$183	-\$366

Minnesota YouthBuild (Dept. of Employment & Economic Development)

Temporary State Funding

Program Summary: During the FY 2004-05 biennium, Minnesota YouthBuild served approximately 600 youth between the ages of 16 and 24 who are high school dropouts and 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 program provides them with specialized training in the construction and building trades, leadership and basic academic skills, and construction-based work experience while building affordable housing. The program is administered through 10 local service organizations statewide.

2003 Changes: Funding for this program was reduced by 11% in the 2003 Legislative Session.

Governor's Budget: The Governor's proposal would eliminate state funding for this program. YouthBuild received a \$400,000 federal grant in 2004 and would continue to be eligible for federal funding.

House Proposal: The House adopts the Governor's proposal position.

Senate Proposal: The Senate proposal would continue current law state funding for this program.

Final Agreement: The final bill eliminated General Fund money for this program, but included \$1.5 million in funding through the Workforce Development Fund for the FY 2006-07 biennium only.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$757	\$757	\$1,514	\$757	\$757	\$1,514
	Governor	GF	-\$757	-\$757	-\$1,514	-\$757	-\$757	-\$1,514
Jobs & Eco Opp	House	GF	-\$757	-\$757	-\$1,514	-\$757	-\$757	-\$1,514
Ag, Env & ED	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
Ag, Env & ED	FINAL	GF	-\$757	-\$757	-\$1,514	-\$757	-\$757	-\$1,514
Ag, Env & ED	FINAL	WKDF	\$757	\$757	\$1,514	\$0	\$0	\$0

Minnesota Youth Program (Dept. of Employment & Economic Development)

Temporary State Funding

Program Summary: Minnesota Youth Program (MYP) provides economically disadvantaged and at-risk youth between the ages of 14 to 21 with employment and training services. MYP operates through the local Workforce Councils and is available in all 87 counties. The program offers work experience, basic skills training, work-based learning, career counseling, personal counseling, life skills training, mentoring, and peer support groups, as well as support services such as transportation and child care. During the FY 2004-05 biennium, this program served 7,600 youth, with another approximately 10,000 youth on the waiting list.

2003 Changes: Base funding for this program was reduced by 22% in the 2003 Legislative Session.

Governor's Budget: The Governor's proposal would eliminate state funding for this program. MYP received \$10.5 million in federal funding through the Workforce Investment Act in FY 2004. The federal program, however, is under reauthorization and the status of future funding is unknown.

House Proposal: The House adopts the Governor's position.

Senate Proposal: The Senate proposal would continue current law state funding for this program.

Final Agreement: In the final bill, the House and Senate funded the Minnesota Youth Program at approximately \$1.1 million per year through the General Fund, with an additional \$3 million per year for the FY 2006-07 biennium through the Workforce Development Fund. The Governor, however, line item vetoed the General Fund appropriation for this program, leaving only the Workforce Development Fund support.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$4,190	\$4,190	\$8,380	\$4,190	\$4,190	\$8,380
	Governor	GF	-\$4,190	-\$4,190	-\$8,380	-\$4,190	-\$4,190	-\$8,380
Jobs & Eco Opp	House	GF	-\$4,190	-\$4,190	-\$8,380	-\$4,190	-\$4,190	-\$8,380
Ag, Env & ED	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
Ag, Env & ED	FINAL	GF	-\$4,190	-\$4,190	-\$8,380	-\$4,190	-\$4,190	-\$8,380
Ag, Env & ED	FINAL	WKDF	\$3,000	\$3,000	\$6,000	\$0	\$0	\$0

Youth Intervention Program (Dept. of Employment & Economic Development)

Program Summary: Youth Intervention Program funds 52 community-based youth service organizations that provide early intervention services to youth and families, including: crime prevention, youth development, restorative justice, pre-court diversion, counseling, educational programs related to specific offenses, and gender- and culturally-specific services. Youth served are those that are identified as being at-risk or just starting to get into illegal behaviors. They often face hurdles such as trouble with the law, school truancy, abuse at home, homelessness, chemical abuse, basic skills deficiency, and limited English proficiency.

2003 Changes: State funding for the Youth Intervention Program was cut in both the 2002 and 2003 Legislative Sessions, resulting in a 27% reduction overall.

Governor's Budget: The Governor's proposal maintains funding at the current level, but moves the program from the Dept. of Employment & Economic Development (DEED) to the Dept. of Public Safety (DPS).

House Proposal: The House adopts the Governor's proposal to move the Youth Intervention Program from DEED to DPS. The House also recommends a one-time \$1 million increase for the FY 2006-07 biennium.

Senate Proposal: The Senate proposal would leave the Youth Intervention Program at DEED and increase funding for the program by \$2 million for the FY 2006-07 biennium by using funds from the Workforce Development Fund.

Final Agreement: The final bill adopts the Governor's position.

Change from Base (\$ are in thousands)								
Committee	Proposal	Fund	FY06	FY07	Biennium Total	FY08	FY09	Biennium Total
	Base	GF	\$1,452	\$1,452	\$2,904	\$1,452	\$1,452	\$2,904
	Governor	GF/WKDF	\$0	\$0	\$0	\$0	\$0	\$0
Public Safety	House	GF	\$500	\$500	\$1,000	\$0	\$0	\$0
Public Safety	House	WKDF	\$0	\$0	\$0	\$0	\$0	\$0
Ag, Env & ED	Senate	GF	\$0	\$0	\$0	\$0	\$0	\$0
Ag, Env & ED	Senate	WKDF	\$500	\$1,500	\$2,000	\$1,500	\$1,500	\$3,000
Public Safety	FINAL	GF/WKDF	\$0	\$0	\$0	\$0	\$0	\$0

¹ More statistics on the welfare of children in Minnesota is available from the Children's Defense Fund Minnesota in *Minnesota Kids: A Closer Look, 2004 Databook*, www.cdf-mn.org/PDF/KidsCountData_04/Databook_2004.pdf.

² The number and nature of all of the changes made in the 2003 Legislative Session are too extensive to cover here. However, additional analysis is available from the Minnesota Budget Project and the Minnesota Council of Nonprofits, including: *Impact of the Final FY 2004-05 Budget, Consequences: The Impact of Minnesota's Government Budget Cuts, "Do Nothing" Session Mixed Blessing for Health and Human Services, On the Edge: Communities Lose as Nonprofit Sector Struggles, and Nonprofit Workforce Hurt by Government Cuts, Slow Economic Recovery*.

³ For more information on child care in Minnesota, see Children's Defense Fund Minnesota and Child Care Works, *Missed Opportunities Produce Costly Outcomes*, www.cdf-mn.org/PDF/childcarereport.pdf.

⁴ For more information on how the elimination of these grants impacted communities, see Minnesota Commission on Out-of-School Time, *Sustainability of Out-of-School Time Programs*, www.mncost.org/SustainabilityRevDec04.pdf.

⁵ Minnesota Department of Health, *2002 BRFS Child Health Module Data Book*, March 2004, www.health.state.mn.us/divs/hpsc/hep/miscpubs/brfss2002.pdf

⁶ Developed in the mid-1960s, the poverty line assumes a poor family can live on an income three times the estimated cost of a basic food budget. The food budget the government used to calculate the initial poverty line was the cheapest plan provided by the Department of Agriculture, one "designed for temporary or emergency use when funds are low." Over thirty years later, the Department of Health and Human Services still uses the same formula to calculate poverty guidelines, even though food now accounts for only about one-seventh, rather than one-third, of a typical household budget. Poverty guidelines are updated each year for inflation, yet they fail to account for the rising costs of housing and health care, as well as the increased use of child care. As an alternative to using the federal poverty line, the JOBS NOW Coalition prepares family budget figures based on a "no frills" standard of living in Minnesota. They find that the minimum basic family budget for a two parent family of four is nearly two and a half times the federal poverty line for that family size. JOBS NOW Coalition, *The Cost of Living in Minnesota*, www.jobsnowcoalition.org.