

A bill for an act

relating to human services; amending county maintenance of effort provisions for mental health services; changing family services collaboratives; establishing the State-County Results, Accountability, and Service Delivery Redesign Act; establishing the Commission on Innovation; establishing community solutions grants and fund; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 245.4835; 245.4932, subdivision 1; 256F.13, subdivisions 1, 2; proposing coding for new law as Minnesota Statutes, chapter 402A; repealing Minnesota Statutes 2008, sections 245.492, subdivision 2; 256F.10, subdivision 7.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

COUNTY SERVICES

Section 1. Minnesota Statutes 2008, section 245.4835, is amended to read:

245.4835 COUNTY MAINTENANCE OF EFFORT.

Subdivision 1. **Required expenditures.** (a) Counties must maintain a level of expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889 so that each year's county expenditures are at least equal to that county's average expenditures for those services for calendar years 2004 and 2005. The commissioner will adjust each county's base level for minimum expenditures in each year by the amount of any increase or decrease in that county's state grants or other noncounty revenues for mental health services under sections 245.461 to 245.484 and 245.487 to 245.4889.

(b) In order to simplify administration and improve budgeting predictability, the commissioner shall:

(1) use each county's actual prior year revenues to adjust the county's minimum required expenditures for the coming year;

(2) allocate each county's revenues proportionally across applicable expenditures;
and

(3) adjust each county's base to allow for major decreases in state or federal block grants or other revenues that can be used for mental health services, but are not dedicated to mental health; in this case, the commissioner shall calculate the mental health share of total county expenditures which were eligible to be funded from that revenue source in the base year and then use that mental health share to allocate the change in those revenues to mental health. This clause applies to changes in revenues that are beyond the county's control and expires December 31, 2011.

(c) In order to simplify administration and improve budgeting predictability, the commissioner may:

(1) use more current information regarding major changes in revenues if the change is known early enough to allow counties time to adjust their budgets; and

(2) adjust a county's base if the county's population is declining and the county's per capita mental health expenditures are higher than the state average.

Subd. 2. **Failure to maintain expenditures.** (a) If a county does not comply with subdivision 1, the commissioner shall require the county to develop a corrective action plan according to a format and timeline established by the commissioner. If the commissioner determines that a county has not developed an acceptable corrective action plan within the required timeline, or that the county is not in compliance with an approved corrective action plan, the protections provided to that county under section 245.485 do not apply.

(b) The commissioner shall consider the following factors to determine whether to approve a county's corrective action plan:

(1) the degree to which a county is maximizing revenues for mental health services from noncounty sources;

(2) the degree to which a county is expanding use of alternative services which meet mental health needs but do not count as mental health services within existing reporting systems. If approved by the commissioner, the alternative services must be included in the county's base as well as subsequent years. The commissioner's approval for alternative services must be based on the following criteria:

(i) the services must be provided to children with emotional disturbance or adults with mental illness;

(ii) the services must be based on an individual treatment plan or individual family community support plan, as defined in section 425.4871;

(iii) the services must be supervised by a mental health professional and provided by staff who meet the staff qualifications defined in sections 256B.0943, subdivision 7, and 256B.0622, subdivision 5; and

(iv) additional county expenditures to make up for the prior year's underspending may be spread out over a two-year period.

Subd. 3. **Performance measurement.** The commissioner shall develop an interim report by January 15, 2010, followed by a final report by January 15, 2011, to the chairs of the house of representatives and senate committees with jurisdiction over mental health, regarding county performance measures for mental health. The report must include recommendations as to whether, and which, any measures may substitute for all or part of the fiscal maintenance of effort requirements in subdivision 1. The commissioner shall consult with county and mental health advocacy representatives in developing the reports and recommendations.

Sec. 2. Minnesota Statutes 2008, section 245.4932, subdivision 1, is amended to read:

Subdivision 1. **Collaborative responsibilities.** The children's mental health collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the collaborative must establish an integrated fund;

(2) the collaborative shall designate a lead county or other qualified entity as the fiscal agency for reporting, claiming, and receiving payments;

(3) the collaborative or lead county may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement;

(4) the collaborative shall use any enhanced revenue attributable to the activities of the collaborative, including administrative and service revenue, solely to provide mental health services or to expand the operational target population. The lead county or other qualified entity may not use enhanced federal revenue for any other purpose;

~~(5) the members of the collaborative must continue the base level of expenditures, as defined in section 245.492, subdivision 2, for services for children with emotional or behavioral disturbances and their families from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under sections 245.491 to 245.495, would have been available for those services. The base year for purposes of this subdivision shall be the accounting period closest to state fiscal year 1993;~~

~~(6)~~ (5) the collaborative or lead county must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the contract with the commissioner of human services;

~~(7)~~ (6) the collaborative or its members may elect to pay the nonfederal share of the medical assistance costs for services designated by the collaborative; and

~~(8)~~ (7) the lead county or other qualified entity may not use federal funds or local funds designated as matching for other federal funds to provide the nonfederal share of medical assistance.

Sec. 3. Minnesota Statutes 2008, section 256F.13, subdivision 1, is amended to read:

Subdivision 1. **Federal revenue enhancement.** (a) The commissioner of human services may enter into an agreement with one or more family services collaboratives to enhance federal reimbursement under title IV-E of the Social Security Act and federal administrative reimbursement under title XIX of the Social Security Act. The commissioner may contract with the Department of Education for purposes of transferring the federal reimbursement to the commissioner of education to be distributed to the collaboratives according to clause (2). The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

~~(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;~~

~~(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:~~

~~(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;~~

~~(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;~~

~~(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the State Demographer's Office; or~~

~~(iv) termination of the federal revenue earned under the family services collaborative agreement;~~

~~(5)~~ (3) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

~~(6)~~ (4) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

~~(7)~~ (5) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

~~(8)~~ (6) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

~~(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those~~

~~services, except as provided in paragraph (a), clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;~~

~~(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in paragraph (a), clause (4);~~

~~(5) (3)~~ the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family services collaborative from sources other than federal funds or funds used to match other federal funds;

~~(6) (4)~~ the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

~~(7) (5)~~ the family services collaborative shall submit an annual report to the commissioner as specified in the agreement.

Sec. 4. Minnesota Statutes 2008, section 256F.13, subdivision 2, is amended to read:

Subd. 2. **Agreements with family services collaboratives.** At a minimum, the agreement between the commissioner and the family services collaborative shall include the following provisions:

(1) specific documentation of the expenditures eligible for federal reimbursement;

(2) the process for developing and submitting claims to the commissioner;

(3) specific identification of the education, social, health, or health-related services to families and children which are to be expanded with the federal reimbursement;

~~(4) reporting and review procedures ensuring that the family services collaborative must continue the base level of expenditures for the education, social, health, or health-related services for families and children as specified in clause (3);~~

~~(5) reporting and review procedures to ensure that federal revenue earned under this section is spent specifically to expand education, social, health, or health-related services for families and children as specified in clause (4);~~

~~(6) (4)~~ the period of time, not to exceed three years, governing the terms of the agreement and provisions for amendments to, and renewal of the agreement; and

~~(7) (5)~~ an annual report prepared by the family services collaborative.

7.1 Sec. 5. **REPEALER.**

7.2 Minnesota Statutes 2008, sections 245.492, subdivision 2; and 256F.10, subdivision
7.3 7, are repealed.

7.4 **ARTICLE 2**
7.5 **COUNTY GOVERNANCE REFORM**

7.6 Section 1. **[402A.01] CITATION.**

7.7 Sections 402A.01 to 402A.50 may be cited as the "State-County Results,
7.8 Accountability, and Service Delivery Redesign Act."

7.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.10 Sec. 2. **[402A.10] DEFINITIONS.**

7.11 Subdivision 1. **Terms defined.** For the purposes of this chapter, the terms defined in
7.12 this subdivision have the meanings given.

7.13 Subd. 2. **Council.** "Council" means the Council on State-County Results,
7.14 Accountability, and Service Delivery Redesign established in section 402A.30.

7.15 Subd. 3. **Redesign.** "Redesign" means the State-County Results, Accountability,
7.16 and Service Delivery Redesign under this chapter.

7.17 Subd. 4. **Service delivery authority.** "Service delivery authority" means a single
7.18 county, or group of counties operating by execution of a joint powers agreement under
7.19 section 471.59 or other contractual agreement, that has voluntarily chosen by resolution of
7.20 the county board of commissioners to participate in the redesign under this chapter.

7.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.22 Sec. 3. **[402A.20] ESTABLISHMENT; PURPOSE; PARTICIPATION.**

7.23 (a) The State-County Results, Accountability, and Service Delivery redesign is
7.24 established to authorize implementation of methods and procedures for administering
7.25 assistance and services to recipients or potential recipients of public welfare and other
7.26 services delivered by counties which encourage greater transparency, more effective
7.27 governance, and innovation through the use of flexibility and performance management.

7.28 (b) Beginning January 1, 2010, and annually thereafter, each county board in
7.29 Minnesota shall vote to determine whether the county intends to participate in the redesign
7.30 under this chapter.

7.31 (c) Participating counties in the redesign must have the option of withdrawing from
7.32 participation if the criteria in clauses (1) and (2) are met:

(1) The county shall submit written notification to the council in the first quarter of the calendar year in which the county wishes to withdraw.

(2) If a county wishing to withdraw has received an appropriation from the state for costs related to the county's participation in the redesign, those funds must be repaid. If a county withdraws after participating in the redesign for:

(i) one year or less, the county must repay 75 percent of the money appropriated;

(ii) more than one year but less than two years, the county must repay 50 percent of the money appropriated;

(iii) two years or more but less than three years, the county must repay 25 percent of the money appropriated; or

(iv) three years or more, the county is not required to repay the appropriation.

(3) The commissioner may waive the repayment requirement in clause (2).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. [402A.30] COUNCIL.

Subdivision 1. **Council.** (a) There is created a State-County Results, Accountability, and Service Delivery Redesign Council. The council is responsible for review of the redesign and must be convened by the commissioner of human services. Appointed council members must be appointed by their respective agencies, associations, or governmental units by November 1, 2009. The council shall be cochaired by the commissioner of human services, or designee, and a county representative from paragraph (b), clause (5) or (6), appointed by the Association of Minnesota Counties. Recommendations of the council must be approved by a majority of the council members. The provisions of section 15.059 do not apply to this council, and this council does not expire.

(b) The council must consist of the following members:

(1) one representative from the governor's office;

(2) from the house of representatives, one member of the majority party and one member of the minority party, as appointed by the speaker of the house;

(3) from the senate, one member of the majority party and one member of the minority party, as appointed by the senate majority leader;

(4) the commissioner of human services, or the commissioner's designee, and two additional representatives from the Department of Human Services;

(5) two county commissioners appointed by the Association of Minnesota Counties; and

(6) two county representatives appointed by the Minnesota Association of County Social Service Administrators.

(c) Administrative support to the council may be provided by the Association of Minnesota Counties and affiliates.

(d) Legislative research support may be provided by state legislative staff as requested by the council.

(e) Member agencies and associations are responsible for initial and subsequent appointments to the council.

Subd. 2. **Council duties.** (a) The council shall:

(1) provide oversight of the administration of the redesign;

(2) recommend the approval of waivers from statutory requirements, administrative rules, and standards necessary to achieve the requirements of the agreements under section 402A.40, subdivision 7, paragraph (b), to the commissioner of human services or other appropriate entity, for counties certified as service delivery authorities under section 402A.40;

(3) recommend approval of the agreements in section 402A.40, subdivision 7, paragraph (b), to the commissioner of human services;

(4) recommend certification of a county or consortium of counties as a service delivery authority to the commissioner of human services;

(5) recommend approval of shared services arrangements under section 402A.40, subdivision 5;

(6) form work groups as necessary to carry out the duties of the council under the redesign; and

(7) establish a process for the mediation of conflicts among participating counties or between participating counties and the commissioner of human services.

(b) In order to carry out the provisions of the redesign, and to effectuate the agreements established under section 402A.40, subdivision 7, paragraph (b), the commissioner of human services shall exercise authority under section 256.01, subdivision 2, paragraph (1), including seeking all necessary waivers. The commissioner of human services has authority to approve shared service arrangements as defined in section 402A.40, subdivision 5.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. [402A.40] DESIGNATION OF SERVICE DELIVERY AUTHORITY.

Subdivision 1. **Establishment.** A county or consortium of counties may establish a service delivery authority under the redesign to engage in the delivery of human services, or other services as appropriate.

Subd. 2. **Duties.** (a) The service delivery authority shall:

(1) carry out the responsibilities required of local agencies under chapter 393 and human service boards under chapter 402;

(2) manage the public resources devoted to human services and other public services delivered or purchased by the counties that are subsidized or regulated by the Department of Human Services under chapter 245 or 267;

(3) employ staff to assist in carrying out the redesign;

(4) develop and maintain a continuity of operations plan to ensure the continued operation or resumption of essential human services functions in the event of any business interruption according to local, state, and federal emergency planning requirements;

(5) receive and expend funds received for the redesign;

(6) plan and deliver services directly or through contract with other governmental or nongovernmental providers;

(7) rent, purchase, sell, and otherwise dispose of real and personal property as necessary to carry out the redesign; and

(8) carry out any other service designated as a responsibility of a county.

(b) Each service delivery authority certified under subdivision 3 shall designate a single administrative structure that has the powers and duties assigned to the service delivery authority effective January 1, 2013, and annually thereafter.

Subd. 3. **Certification of service delivery authority.** The council shall recommend certification of a county or consortium of counties as a service delivery authority to the commissioner of human services if:

(1) the conditions in subdivision 6, paragraph (a), clauses (1) to (3), are met; and

(2) the county or consortium of counties are:

(i) a single county with a population of 55,000 or more;

(ii) a consortium of counties with a total combined population of 55,000 or more and the counties comprising the consortium are in reasonable geographic proximity;

(iii) four or more counties in reasonable geographic proximity without regard to population; or

(iv) a single county or consortium of counties meeting the criteria for exemption from minimum population standards in this subdivision and subdivision 4.

Subd. 4. **Multicounty service delivery authority.** Two or more counties meeting the criteria in subdivision 3 may, by resolution of their county boards of commissioners, establish a service delivery authority having the composition, powers, and duties agreed upon. These counties may, by agreement entered into through action of their bodies, jointly or cooperatively exercise any power common to the contracting parties in carrying out their duties under current law, including, but not limited to, chapters 245 to 267 and

393 and 402. Participating county boards shall establish acceptable ways of apportioning the cost of the services. The council may recommend that the commissioner of human services exempt a multicounty service delivery authority from the minimum population standard in subdivision 3 if that multicounty service delivery authority can demonstrate that it can otherwise meet the requirements of the redesign.

Subd. 5. Single county service delivery authority. For counties with populations over 55,000, the board of county commissioners may be the service delivery authority and retain existing authority under law. Counties with populations over 55,000 that serve as their own service delivery authority may enter into shared services arrangements with other service delivery authorities or smaller counties. These shared services arrangements may include, but are not limited to, human services, corrections, public health, veterans planning, human resources, program development and operations, training, technical systems, joint purchasing, and consultative services or direct services to transient, special needs, or low-incidence populations. The council may recommend that the commissioner of human services exempt a single county service delivery authority from the minimum population standard in this subdivision if that service delivery authority can demonstrate that it can otherwise meet the requirements of the redesign.

Subd. 6. Duties applicable to all counties. (a) A county shall:

(1) by January 1, 2010, and annually thereafter, indicate to the council, through a board resolution, the county's intent to form or join a service delivery authority;

(2) by June 1, 2011, and annually thereafter, submit for approval to the council, a board resolution forming the service delivery authority, including the names of other counties anticipated to be members of the service delivery authority, if any;

(3) by June 1, 2012, and annually thereafter, submit for approval to the council, a plan that includes a contractual agreement for the service delivery authority including what shared services are to be provided to other service delivery authorities or counties, if applicable; and

(4) by January 1, 2013, and annually thereafter, meet measurable goals as defined in the performance agreement under subdivision 7, paragraph (b).

(b) After June 1, 2013, the commissioner of human services may submit to the council a recommendation of remedies for performance improvement for any service delivery authority not meeting the measurable goals agreed upon in performance agreements under subdivision 7, paragraph (b). This provision does not preclude other powers of the commissioner of human services to remedy county performance issues in a county or counties not certified as a service delivery authority.

Subd. 7. **New state-county governance framework.** (a) Nothing in this chapter precludes local governments from utilizing sections 465.81 to 465.82 to establish procedures for local governments to merge, with the consent of the voters. Any agreement under subdivision 4 or 5 must be governed by this chapter. The county boards of commissioners shall approve the agreement and shall determine the proportional financial responsibility of each county to support the programs and services of the service delivery authority. Nothing in this chapter limits the authority of a county board to enter into contractual agreements for services not covered by the provisions of the redesign with other agencies or with other units of government.

(b) The state-county governance framework for service delivery authorities must include the following binding agreements:

(1) a governance agreement which defines the respective authority, powers, roles and responsibilities of the state and service delivery authorities under the redesign. As part of the governance agreement, the service delivery authority shall be held accountable for achieving measurable goals as defined in the performance agreement under clause (2). The service delivery authorities must be granted waivers, as necessary, to ensure greater local control and flexibility to determine the most cost-effective means of achieving specified measurable goals;

(2) a performance agreement which defines measurable goals in key operational areas that the service delivery authority is expected to achieve. This agreement must identify dependencies and other requirements necessary for the service delivery authority to achieve the measurable goals as defined in the performance agreement. The dependencies and requirements may include, but are not limited to:

(i) specific resource commitments of the state and the service delivery authority; and
(ii) funding or expenditure flexibility, which may include, but are not limited to, exemptions to the requirements in section 245.4835 and 245.714; and

(3) a service level agreement which specifies the expectations and responsibilities of the state and the service delivery authority regarding administrative and information technology support necessary to achieve the measurable goals specified in the performance agreement under clause (2).

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. [402A.50] AID AND INCENTIVES TO COUNTIES.

Subdivision 1. **Levy limits.** Notwithstanding any other law to the contrary, expenditures and activities carried out under the redesign are exempt from levy limits.

14.1 encourage initiatives that will become self-sustaining without state funds within five
14.2 years. The Commission on Innovation shall consider two to four high-priority issue areas
14.3 as the initial focus of the community solutions grants. The commission shall report its
14.4 recommendations by January 15, 2010.

14.5 Subd. 4. **Appropriation.** \$200,000 is transferred in fiscal year 2010 only from the
14.6 community solutions fund to the commission for the study and report required by this
14.7 section. The appropriation is available until expended or until the commission expires.

14.8 Subd. 5. **Expiration.** The commission sunsets 30 days after the required report in
14.9 subdivision 2 is delivered to the legislature.

14.10 Sec. 2. **COMMUNITY SOLUTIONS GRANTS; APPROPRIATION.**

14.11 Subdivision 1. **Community solutions grant fund.** A community solutions
14.12 grant fund is established within the Department of Administration, Office of Grants
14.13 Management, to receive funds as provided for in subdivision 2.

14.14 Subd. 2. **Appropriation.** In fiscal year 2010, \$200,000 shall be appropriated to the
14.15 community solutions grant fund.

14.16 **EFFECTIVE DATE.** This section is effective July 1, 2009, and sunsets on July
14.17 1, 2019.

APPENDIX
Article locations in H0986-2

ARTICLE 1 COUNTY SERVICES Page.Ln 1.12

ARTICLE 2 COUNTY GOVERNANCE REFORM Page.Ln 7.4

ARTICLE 3 COMMISSION ON INNOVATION Page.Ln 13.13