

HEALTH DEPT**Change Item: AGENCY OPERATIONS REDUCTIONS**

Fiscal Impact (\$000s)	FY 2008	FY 2009	FY 2010	FY 2011
General Fund				
Expenditures	0	(2,525)	(2,479)	(2,479)
Revenues	0	0	0	0
Other Fund				
Expenditures		0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	0	(2,525)	(2,479)	(2,479)

Recommendation

The Governor recommends a reduction in General Fund appropriations of \$2.525 million in fiscal year 2009 and \$2.479 million per year thereafter from the following programs.

Community & Family Health Promotion Bureau	
Fetal Alcohol Syndrome (FAS) grant reductions	\$500,000
Tobacco-free communities grants reductions	\$325,000
Policy Quality & Compliance Bureau	
Community-Based Health Care Demonstration grant elimination	\$212,000
Health Protection Bureau	
CLEARCorps Lead grant reductions	\$388,000
Administrative Services Bureau	
Agency operations cost reductions	<u>\$1,100,000</u>
	\$2,525,000

Background

This recommendation provides for proportional reductions to both MDH operations and grant programs.

The **Fetal Alcohol Syndrome Prevention Grant Program** provides non-competitive funding to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) for a statewide fetal alcohol spectrum disorders prevention and intervention program. During the 2007 Legislative session funding for the program was increased by \$500,000 a year, bringing the current annual grant funding to MOFAS to \$1.690 million. This reduction returns the program budget level back to its original SFY 2007 funding in light of the current budget forecast.

The **Minnesota Youth Tobacco Prevention Initiative Grant Program** provides \$2.5 million in grants to local communities to reduce youth tobacco use through the development of a social environment in which youth view tobacco use as undesirable and unacceptable. Funding supports local coalitions that reduce youth exposure to tobacco influences and create tobacco-free environments. Ongoing efforts since 1999 and the implementation of the statewide smoking ban have made significant strides in this area, allowing for a \$325,000 reduction in funding.

The **Community-Based Health Care Demonstration Project (CBHC)** is a new 5-year demonstration grant program created in the 2007 legislative session. CHBC provides \$212,000 to a local foundation to coordinate a community-based health care coverage program within Carlton, Cook, Lake, and St. Louis Counties that offers individuals the option of purchasing health care coverage on a fixed prepaid basis without meeting the usual state health insurance requirements. This proposal will eliminate funding for the CHBC grant before it is fully implemented, in light of the current budget forecast.

The **CLEARCorps Lead Grant Program** provides funding to the non-profit organization currently operating the CLEARCorps lead hazard reduction program in Minnesota. Minnesota CLEARCorps provides free educational services, free home lead risk assessments, and lead hazard reduction services for homeowners or tenants. During the 2007 legislative session funding was increased by \$388,000 per year, bringing the current grant total

HEALTH DEPT

Change Item: AGENCY OPERATIONS REDUCTIONS

for CLEARCorps to \$488,000 a year. This reduction returns the program budget level back to its original SFY 2007 funding in light of the current budget forecast.

Agency operating budget reductions (\$1.1 million in FY2009 and \$1.054 million per year thereafter) would reduce overall agency operations by 4 percent. Operational cost savings would be realized through staffing reductions, restructuring, or possible elimination of some services. While this reduction is currently reflected in the budget for Administrative Services, actual reductions will occur throughout the agency.

Relationship to Base Budget

This will result in a 3.4% permanent reduction to the agency's base General Fund budget, and includes a reduction of 15 FTEs.

Statutory Change:

None required.