



Budget Balancing Measures: GAMC, HF 1671 & FMAP

Earlier this week, the House passed a fix to the GAMC program. The new program focuses resources on hospitals that are coordinating care for the about half of the original population served by GAMC. The legislation will reduce the state's short-term deficit by \$146 million. On Monday, the House and Senate will convene floor sessions to pass the phase I budget balancing bill ([HF 1671](#)). HF 1671 will reduce the deficit for next year by \$313 million. If the federal government extends the 60/40 split for Medicaid funding for one more year, which is likely, Minnesota will receive an additional \$408 million. Taken together the GAMC bill, HF 1671 and the FMAP funds will reduce Minnesota's short-term deficit from \$994 million to \$127 million.

This means the two largest remaining budget areas, Health & Human Services and E-12 Education, are looking at a much better scenario than eight weeks ago. Instead of hundreds of millions in cuts and payment delays to HHS and education, the two systems will likely be held to much smaller budget cutting targets. In fact, it is possible that K-12 could be spared any additional cuts or shifts at this point, but we need to continue pressure on legislators to hold education harmless. One new hang up is that the Governor is asking the Legislature to find \$200 million to put in a cash flow account to help deal with the state's cash flow problem next year. It's unclear at this point if the Legislature is willing to help find an additional \$200 million for cash flow purposes. An additional 3% payment delay would accomplish this. The other scenario is that the state will enter into short-term borrowing from schools next fall to help with cash flow. Education is likely to help with cash flow either way you look at it.

Legislative Recess: Spare Education from Cuts & Mandate Relief

After Monday's work, the Legislature will head home for the Passover/Easter recess. They reconvene at noon on Tuesday, April 6. While the Legislature is in recess, we encourage all MREA members to visit with your [House](#) and [Senate](#) members about sparing the education budget from any cuts. We need to continue with the message that education is sharing in the budget pain through payment deferrals and short-term borrowing.

When it comes to mandate relief, most education organizations are of the mind that we should focus on one issue this session and hammer away on it. Of all the mandate relief proposals we have brought forward, there is one that seems possible. Repealing the maintenance of effort requirement for school support staff is doable this session if we all focus our efforts on this issue. Repealing this law would create flexibility for school districts as they put together budgets for next year. The current MOE law creates a special protectionism for a class of employees that doesn't exist anywhere else in the education statutes. The law creates an adverse mindset by districts toward hiring additional support staff because they will be permanently on the hook for them. As student demographics change, districts need the ability to adjust staff accordingly. For smaller districts, the need to share support staff in the future will become more important. Current law inhibits the sharing of services between schools.

Please make every attempt to make contact in person, via phone or email. All of us working together can make a difference – but we all need to do a little. Thanks for your help!