

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

Case Type: Other Civil

The Ninetieth Minnesota State Senate and
the Ninetieth Minnesota State House of
Representatives,

Court File No. 62-CV-17-3601

Plaintiffs,

v.

**AFFIDAVIT OF JAMES
REINHOLDZ**

Mark B. Dayton, in his official capacity as
Governor of the State of Minnesota, and
Myron Frans, in his official capacity as
Commissioner of the Minnesota Department
of Management and Budget,

Defendants.

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

James Reinholdz, being first duly sworn, deposes and states:

1. I am the Controller and Chief Financial Officer for the Minnesota House of Representatives (“House”). I make this affidavit based on personal knowledge of the facts stated herein and offer this affidavit in support of our motion for a declaration that Governor Mark Dayton’s May 30, 2017 line-item vetoes of the Minnesota Legislature’s funding for fiscal years 2018 and 2019 violated the Separation of Powers Clause of the Minnesota Constitution, and an order compelling the Commissioner of the Department of Management and Budget to allot such funds to the Legislature. I believe our requested relief is necessary to prevent great and irreparable harm to the Legislature and the People of the State of Minnesota.

2. I have served as one of the controllers for the House since 2011, including during the 2011 state government shutdown. Before serving as Controller, I was a fiscal analyst in the Fiscal Analysis Department of the House for a period of 17 years.

3. My duties as Controller and Chief Financial Officer include generally managing and overseeing the financial affairs, budget, and business arrangements of the House. Under House Rule 8.01, I am responsible for preparing a biennial budget for the House, quarterly reporting expenditures to the Speaker and Committee on Rules, and managing procurement of goods and services for the House. My duties also include administering the payment of compensation to members and staff and ensuring that the House complies with all applicable legal and financial reporting requirements. As a result of my position and previous service as a fiscal analyst for the House, I am familiar with the legal obligations and the actual operation of the House.

4. The House is one of the two constitutional bodies of the legislative branch of the State of Minnesota (the other is the Senate). There are 134 elected representatives. The voters of a district elect each of the members of the House for a term of two years. The House along with the Senate is constitutionally responsible for the passage of all legislation, the raising of funds to support the operation of the state government, and appropriating funds for the operation of state government.

5. Part of the core duties of every elected representative is to communicate with his or her constituents. The voters of the district have the legitimate expectation that they can contact their representative with questions about pending legislation, to propose future legislation, and to alert their representative to issues and concerns with the operation of the laws already on the

books. Without this communication a representative cannot represent the will of the People in his or her district. Each representative has access to staff persons, employed by the House, to communicate with those who depend upon them to represent their interests and concerns.

6. No bill can become law unless a legislator introduces it. Another of the core duties of a representative is to craft legislation for consideration for passage by the legislature. By its very nature, legislation is complex. A change in one statute may affect the operation of another statute. If the effect of a bill is to add to the cost of government, a way must be found to raise the funds to pay for the increased cost. The words of the legislation must be clear. The proposed legislation must be explained and supported throughout the legislative hearing process. At the same time, individual representatives must monitor legislation introduced by other members of the Senate and the House to determine if the legislation is acceptable, or if it needs to be amended to reflect the concerns of the voters in a representative's district. No representative can accomplish these tasks without assistance. Staff assigned to the individual representatives assist him or her in researching the law, reviewing bills submitted or to be submitted for consideration, monitoring amendments, and drafting legislation.

7. In addition to staff assigned to specifically serve individual representatives, the House has staff that acts as a resource for all members or for House committees. These staff carry out a variety of essential functions for any member, for the House as a whole, committees of the House, or for the two party caucuses of the House and their members. These tasks include helping to research and draft bills, analyzing the fiscal effects of bills or potential bills, collecting and compiling background information, communicating with the public about the business the legislature is conducting, and doing a variety of necessary administrative tasks associated with

developing, considering, and passing legislation (including, for example, conducting public hearings and maintaining the legislature's website). For example, the Chief Clerk of the House and other employees of the Office of the Chief Clerk provide essential services related to all aspects of handling, considering, and processing bills and amendments. The House has elected a Chief Clerk to handle such matters since the convening of the first House of Representatives following statehood.

8. In addition, House departments (e.g., the Budgeting and Accounting, Human Resources, and the Sergeant-at-Arms offices) that are not directly involved in preparing or processing legislation are nevertheless essential to carrying on the day-to-day operations of the House—making sure that bills are paid, employees hired and retained, and necessary facilities, equipment, supplies, and services (office supplies, technology, security, and so forth) are available. Exhibit 1 describes in greater detail the House offices and departments and the functions that they perform. (Ex. 1, House Offices and Departments.)

9. These activities go year round. Research and drafting of bills needs to be accomplished before the legislative session so that the bills are ready for consideration when the legislature is in session. Special sessions may be called at any time to address emergencies or other unexpected occurrences. Special sessions may be called by the governor for “extraordinary occasions,” and require the legislature to function at its full capacity on short notice. Since 1981, there have been 29 special sessions. Since 2001, the legislature has been called into special session twelve times, including special sessions in 2002, 2007, 2010, 2012, and 2013 to provide relief to communities affected by flooding and other natural disasters, and on several occasions to ensure the state's compliance with its constitutional obligation to ensure a balanced budget.

Committee and other legislative hearings are conducted in between sessions to gather evidence on issues of interest for possible legislation. This is also part of the core function of the House and legislature generally. Although Governor Dayton's line-item veto does not affect the Legislative Coordinating Commission and joint legislative agencies, House staff provide assistance to these joint entities, some of which engage in more extensive activities during the interim between legislative sessions.

10. All of these staff positions must be funded so that the legislative branch of government can function as contemplated by the Constitution of the State of Minnesota.

11. In 2017, the Legislature passed Chapter 4 (Senate File No. 1) during the special session. This chapter contained appropriations for many state agencies and for the legislative branch. Governor Dayton signed Chapter 4 into law on May 30, 2017, but line item vetoed the appropriations to the House for both fiscal years of the coming biennium (\$32,383,000 for fiscal year 2018 and \$32,383,000 for fiscal year 2019). (Ex. 2, Letter from Governor Dayton to The Honorable Michelle L. Fischbach, President of the Senate, May 30, 2017.) The amount of this vetoed appropriation was the amount proposed in the Governor's FY 2018-2019 Budget as presented to the Legislature in January 2017 and again in the Governor's Revised Budget Recommendations in March 2017. (Ex. 3, Governor's Revised Budget Recommendations for the Legislature at 11, Mar. 27, 2017.) This appropriation funds all House operations, its payment of compensation to members and staff, purchase of equipment, services, supplies from vendors, and so forth. This appropriation covers the costs associated with the core function of the House. Without this funding it is simply impossible for the House to operate during the coming biennium.

12. State law and the constitution prescribe and require payment of salaries and other compensation for members of the House. Minn. Const. art. IV, § 9; Minn. Stat. §§ 3.099; 15A.0825. The amount of salary and benefits (excluding expense reimbursement over which the House has control) for the 2016-2017 fiscal biennium was \$13,323,130.

13. The House now has 232 permanent employees; during the 2017 legislative session, the House employed an additional 50 session-only or temporary employees.

14. Governor Dayton's line-item veto also vetoed the appropriation to the Minnesota Senate, but did not do so to the Legislative Coordinating Commission and the joint legislative agencies under it, such as the Revisor of Statutes, the Office of the Legislative Auditor, the Legislative Reference Library, and a variety of other joint entities. Many, if not all, of the functions performed by these joint entities are core legislative functions or are crucial to the ongoing operations of state government. For example, the Office of Legislative Auditor is responsible for financial auditing and reporting for all of state government.

15. In 2011, the legislature and Governor Dayton failed to agree on a state budget before the end of the 2010-2011 fiscal biennium. As a result, ongoing funding for many state government functions and agencies was not available under enacted appropriations as of July 1, 2011. The Attorney General filed an action in Ramsey County District Court to obtain a court order providing for temporary funding of core functions of state government in the absence of enacted appropriations to do so. The House appeared in this proceeding, but did not request relief beyond access to the carryforward of its prior appropriations. (Ex. 4, *In re Temp. Funding of Core Functions of the Executive Branch of the State of Minnesota*, No. 62-CV-11-5203, 2011 WL 2556036, at *1, Findings of Fact, Conclusions of Law, and Order Granting Mot. Temp.

Funding (Minn. Dist. Ct. June 29, 2011.) The Ramsey County District Court, nevertheless, in its June 29, 2011, order, stated: “The Senate and House (Legislative Branch) must be funded sufficiently to allow them to carry out critical core functions necessary to draft, debate, publish, vote on and enact legislation.” (Ex. 4 at *8.) In response, Governor Dayton’s Department of Management and Budget implemented the court’s order by releasing to the House the amount of funding necessary to continue its full, regular operations. These funds released by the MMB came from the State’s general fund. Importantly, the funds did not come from the House carryforward.

16. The average monthly operating expenses for the House during the current fiscal year to date are approximately \$2.7 million. This figure for average operating expenses does not include the amounts necessary for the payment of obligations to employees that would accrue in the event of layoffs.

17. As of July 1, 2017, the only funds available to the House will be the unexpended balances carried forward for use in the Fiscal Year 2018-2019 biennium under the authority provided in Minnesota Statutes, section 16A.281. These funds, commonly known as the carryforward, are estimated to be approximately \$11.3 million as of July 1, 2017.

18. In the absence of an operating budget for the House, the House will commence its orderly shutdown plan on July 1, 2017, and will cease all normal operations on September 1, 2017. Under the shutdown plan, the House will use the carryforward funds to pay salaries and the employer portion of benefits for staff and members as well as other essential operation expenses through August 31, 2017. Payment of July and August salaries, benefits, and essential operating expenses will require the use of approximately \$4.6 million from the carryforward. Beginning

September 1, 2017, the House will furlough 213 of the total 232 House staff. The 19 non-furloughed staff represent those from human resources, budget and accounting, leadership, the House Sergeant's office, legal, and information technology departments necessary to administer an ongoing furlough, ongoing litigation, and eventual layoffs.


19. Under the shutdown plan, furloughed staff will not be paid and will not work. While furloughed, staff will receive the employer portion of health insurance costs, but will not receive employer contributions to retirement. The staff furlough will require the House to reserve a portion of the remainder of the carryforward to pay approximately: (1) \$818 thousand of the employer portion of health insurance costs for 213 furloughed House staff and members through October 31, 2017; (2) \$820 thousand for anticipated unemployment insurance costs for furloughed House staff; and (3) \$700 thousand for compensation and essential operating costs for non-furloughed House staff until January 31, 2017.

20. As part of the shutdown process, on July 1, 2017, the House will cease payments for member per diem, communications, travel, and transportation. The House will continue to pay member salaries and lodging expenses through August 2017. The House will continue to pay the employer share of member health insurance until October 31, 2017.

21. In the absence of an operating budget, the House will lay off all furloughed staff on October 31, 2017. As part of the layoff, the House will be required to pay out certain accrued paid time off and is required to continue to pay, for six months, the employer share of health insurance for employees with at least three years of continuous state service. These expenses will require the House to reserve a portion of the remainder of the carryforward of approximately \$4.3 million.


James Reinholdz

Subscribed and sworn to before me
this 22nd day of June, 2017


Notary Public
My commission expires: Jan 31, 2020



House Offices and Departments

Human Resources, Budget, and Accounting staff: Manages payroll, expense reimbursement policies, contracts for goods and services, payment and lease obligations to outside vendors, and other daily operations of the House as an employer and business entity. Provides public disclosure of House budget information as required by Minn. Stat. §§ 3.098; 10.45.

Sergeant-at-Arms: Coordinates security and related support services, including facilities and property management and postal services to support the legislature's constitutional lawmaking function and its constituent service function. The Sergeant-at-Arms, first and second assistant Sergeants-at-Arms, postmaster, assistant postmaster, and chaplain are elected officers of the House and are required by law. Minn. Stat. § 3.06, subdivision 1; Minn. Const. Art. IV, § 15.

House Research Department: Provides nonpartisan research and legal services to the House and its members and committees. This work includes drafting and reviewing legislation that may be considered by the House when engaged in constitutional lawmaking functions, and providing background information to assist members with constituent service functions.

Chief Clerk: Supervises all clerical duties pertaining to the business of the House, and advises on the legal and parliamentary requirements of the legislature's constitutional lawmaking function. The Chief Clerk is responsible for maintaining and publishing the daily journal of House proceedings, as required by Minn. Const. art. IV, § 15, and provides public access to other records of the House as required by law and House Rule to support the legislature's constituent service function. The Chief Clerk, first and second assistant chief clerks, an index clerk are elected officers of the House and are required by law and House Rules. Minn. Stat. § 3.06, subdivision 1; Minn. Const. Art. IV, § 15. House Rules 7.10.

House Fiscal Analysis Department: Reviews spending requests submitted to the legislature and provides professional assistance to finance committees of the House in developing, tracking, and analyzing the impact of budgetary proposals and decisions, to support the legislature's constitutional lawmaking function. Fiscal analysts coordinate requests for fiscal notes, local impact notes, and revenue estimates on proposed legislation, all of which are required by law. Minn. Stat. § 3.98; 3.986-3.988.

House Public Information Services: Informs the general public of legislative actions and the legislative process. The office serves the legislature's constituent services function by acting as a primary entry point for members of the public seeking to locate and communicate with an elected members, and supports the legislature's constitutional lawmaking function by enhancing transparency through its television broadcast, photography, and print publication services.

House Majority and Minority Caucuses: The members of the House organize themselves into majority and minority caucuses, based on each members' political party affiliation. Each caucus employs executive leadership staff, and administrative staff that assist each member with their constitutional lawmaking functions and with constituent-service functions. Examples of staff activities necessary to complete these functions include administration of committees; legislator scheduling; preparation, analysis, and distribution of legislative proposals; preparation, analysis,

and distribution of constituent updates, newsletters, and other public communications; and administration of information technology services and infrastructure.



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 30, 2017

The Honorable Michelle L. Fischbach
President of the Senate
Room 2113, Minnesota Senate Building
St. Paul, Minnesota 55155

Dear Madam President:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State, Chapter 4, Senate File 1, with the exception of the line-item vetoes listed below:

- Page 2, Line 24: "Subd. 2 Senate 32,299,000 32,105,000"
- Page 2, Line 25: "Subd. 3 House of Representatives 32,383,000 32,383,000"

At the last minute, the Legislature snuck language into the State Government bill that would hold hostage the Department of Revenue appropriation in this bill to my signature on the Taxes bill. I am unwilling to put the jobs of 1,300 Department of Revenue employees at risk. As a result of this action, I am line-item vetoing the appropriations for the Senate and House of Representatives to bring the Leaders back to the table to negotiate provisions in the Tax, Education and Public Safety bills that I cannot accept. Attached is my letter to Speaker Daudt and Majority Leader Gazelka explaining my reasoning for line-item vetoing the Senate and House of Representatives' appropriations.

Minnesotans expect state government to provide high-quality services. SF 1 provides the needed operating adjustments for state agencies and constitutional offices to maintain these services. Providing the adjustments will help to ensure that our state can address the challenges presented with rising costs over the next biennium as well as population growth and increased demand for services.

There are other investments in this bill that will also benefit Minnesotans, such as: funding to ensure every Minnesotan is counted in the 2020 census; moving the state historic preservation office to the Department of Administration to benefit businesses, and additional funding for tuition incentives that the men and women who join our national guard can take advantage of.

However, there are provisions in this bill that cause concern. The bill intrudes upon my authority to manage the executive branch of state government. It places onerous reporting requirements on state agencies and limits the flexibility of commissioners to manage their agencies.

EXHIBIT 2

The Honorable Michelle L. Fischbach
May 30, 2017
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Minnesota has a long history of checks and balances between the executive and legislative branches and having Minnesota Management and Budget keep track of the cost of legislation has served us well. SF 1 transfers the responsibility for fiscal notes from Minnesota Management and Budget to the Legislature. Putting this work under the authority of the legislature creates redundancies and inefficiencies and unnecessarily grows government.

The bill reneges on our commitment by \$10 million each year beginning in 2020, to fund the Minneapolis Employees Retirement Fund (MERF) placing that state obligation onto the taxpayers of Minneapolis.

I am extremely disappointed by what is not in this bill. In my budget I prioritized investments in technology, specifically cyber security. I prioritized these not for the benefit of state agencies, but for the benefit of Minnesotans. We need to ensure we can protect our data and systems from cyber-attacks. And, we need to do so while still ensuring that state agencies have the operations capability to responsibly serve our state's citizens. This is not an either/or proposition and I continuously sought both. In addition, we need to ensure that the backbone of our government – how we pay our bills and keep track of our finances – is running smoothly. Critical improvements are needed to these systems to keep them operating. Our procurement systems likewise can use updating. Funding those improvements is not in this bill.

Minnesotans deserve a transparent, fiscally responsible budget. We must make investments to build a more competitive state workforce, ensure efficient and accountable outcomes in state programs, secure our IT infrastructure, and deliver the high quality of state services that Minnesotans deserve.

Sincerely,



Mark Dayton
Governor

cc: Senator Paul E. Gazelka, Senate Majority Leader
Senator Thomas M. Bakk, Senate Minority Leader
Senator Mary Kiffmeyer, Minnesota Senate
Representative Kurt Daudt, Speaker of the House
Representative Melissa Hortman, House Minority Leader
Representative Sarah Anderson, House of Representatives
The Honorable Steve Simon, Secretary of State
Mr. Cal R. Ludeman, Secretary of the Senate
Mr. Patrick Murphy, Chief Clerk of the House of Representatives
Mr. Paul Marinac, Revisor of Statutes

Attachment



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 30, 2017

The Honorable Kurt Daudt
Speaker of the House
Room 463, State Office Building
St. Paul, Minnesota 55155

The Honorable Paul E. Gazelka
Senate Majority Leader
Room 3113, Minnesota Senate Building
St. Paul, Minnesota 55155

Dear Speaker Daudt and Majority Leader Gazelka:

I am signing into law the nine so-called "Budget Bills," in order to forestall a bitter June showdown over a State Government shutdown. I have strong disagreements with certain provisions in every one of those bills. However, having been through twenty tumultuous days in July 2011, I understand the enormous uncertainties and disruptions that even the threat of another shutdown would cause for many thousands of Minnesotans. I also know from prior experience that it is extremely unrealistic for any of us to imagine we would achieve any better results from protracted budget negotiations well into June.

I will allow the tax bill to become law without my signature. I will not sign it, because of very major objections I have with certain provisions in it. However, I cannot veto it, because of the "poison pill" provision you snuck into the State Government bill, which attempts to eliminate all funding for the Minnesota Department of Revenue in Fiscal Years 2018 and 2019, if the tax bill were not enacted.

I consider this provision, snuck into the State Government bill without my knowledge, to be a reprehensible sneak attack, which shatters whatever trust we achieved during the Session. Now I understand why you made it almost impossible for my staff and me to obtain drafts of your bills' language, sometimes not until minutes before they were brought to the floor for passage.

I will not risk a legal challenge to the Department of Revenue's budget and cause uncertainty for its over 1,300 employees. Because of your action, which attempts to restrict my executive power, I am left with only the following means to raise my strong objections to your tax bill, which favors wealthy individuals, large corporations; and moneyed special interests at the expense of the State of Minnesota's fiscal stability in the years ahead.

Thus, I am line-item vetoing the appropriations for the House and Senate in FY 18/19 and FY 20/21. Your job has not been satisfactorily completed, so I am calling on you to finish your work. However, I will allow a Special Session only if you agree to remove the following provisions, which are extremely destructive to Minnesota's future:

1. Eliminate the Tobacco Tax Breaks. In 2013 I proposed, and the Legislature passed, an increase in cigarettes and other tobacco products, first to help resolve a projected \$623 million deficit in the coming biennium; and second, to discourage people from smoking; and, especially, to discourage young people from beginning to smoke. The tax increases achieved both intended results.

ATTACH. TO EX. 2

The Honorable Kurt Daudt and Paul Gazelka
May 30, 2017
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This bill's tax breaks for tobacco would cost the State Treasury an estimated \$13.8 million in the FY 18/19 biennium, \$39.7 million in FY 20/21, and even more in subsequent years.

Especially galling, and indefensible, is the tax break for premium cigars, at a cost of \$6.9 million over the next two bienniums. I am appalled that there was not enough money left after you satisfied your priorities to expand the Working Family Credit in FY 18/19 or to further increase the Child Care Tax Credit for working parents; yet, you could find room to sneak in a special tax break for premium cigars for some special, moneyed friends.

2. Cancel the Estate Tax Exclusion Increase. There is already a \$2 million tax exemption for the estates of the wealthiest Minnesotans and a \$5 million tax exemption for farmers and family-owned businesses. Increasing the regular exclusion by another \$1 million would benefit only a handful of the richest people in Minnesota at a cost to the State of \$34.8 million in FY 18/19, \$74.5 million in FY in FY 20/21, and even more in years following.

Whether the State Exclusion is \$2 million or \$3 million, those millionaires, whose preoccupations are to avoid paying taxes, will continue to find other states, who offer them better Estate Tax avoidance. It would require raising the exclusion to the federal level of \$5 million to achieve parity, and that cost would be prohibitive. Reducing state revenues by \$109.3 million from the richest Minnesotans to little public benefit is extremely ill-advised.

3. C-I Property Tax Freeze. I support excluding the first \$100,000 of business property from statewide property taxes despite its high cost of over \$85 million in the next biennium. However, freezing the levy has disastrous effects in future years, costing the State almost \$85 million in FY 20/21 and even more in years following. Over the next ten years, the total revenue loss to the State would be over \$1 billion.

Look at the attached analysis of forecast uncertainties, prepared by the Department of Management and Budget. Even a moderate national recession would reverse Minnesota's hard-earned fiscal stability. That billion dollars in revenue is essential to our State's financial security.

Tax cuts are politically appealing and much appreciated by those who receive them. However, their total cost to the State must be responsible, not just for tomorrow but also for the days, weeks, and years that will follow. This principle was violated with tax breaks in 2000 and 2001, which helped cast State Government into serious and repeated budget deficits soon thereafter.

When I became Governor in January 2011, the State faced a projected \$6.2 billion deficit over the coming biennium. Over the next four years, we went through a very difficult and often painful process to restore our fiscal integrity: to re-establish structural budget surpluses, to pay back the over \$2 billion owed our school districts, and to eliminate many shifts and other gimmicks. I refuse to allow the State's financial security to be jeopardized by excessive tax giveaways, which do not benefit most Minnesotans.

The Honorable Kurt Daudt and Paul Gazelka
May 30, 2017
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It is unfortunate that your last-minute legislative treachery has left me no other option but either to passively permit those tax provisions to become law and decimate our future financial solvency, or to take this action. However, the future well-being of our children and our grandchildren is at stake. I will not willingly allow their futures to be jeopardized.

4. Driver's License Provision. There is another provision, which I insist you agree to remove, before I will call a Special Session. The new language in HF 470, which prohibits undocumented immigrants from obtaining drivers licenses is, as I have said repeatedly, completely redundant and, therefore, unnecessary. Several different legal opinions have stated to me that current law does not allow my Administration to make such a change, without action by the Legislature.

Thus, this provision is nothing more than a strategic attack against people, many of whom have lived in this country for a long time, and most of whom are living responsible lives and contributing to our growing state economy. Your intent to further divide our evermore diverse population might be politically advantageous to you (it must be, or you wouldn't have done it); but it is destructive to the future well-being of the people of Minnesota.

5. Teacher Licensure Provision. I also insist that you re-open and re-negotiate the Teacher Licensure provisions in HF 2. The integrity of Minnesota's professional teaching standards is of paramount importance to all of our state's licensed teachers and to ensuring the quality of teachers, educating all of our children. While I support improving Minnesota's system of teacher licensure, some provisions undermine the high professional standards that have served Minnesota's schoolchildren extremely well.

I will await your response.

Sincerely,



Mark Dayton
Governor

cc: Senator Thomas M. Bakk, Senate Minority Leader
Representative Melissa Hortman, House Minority Leader
Representative Greg Davids
Senator Roger Chamberlain

Attachment



Notes on Risk and Uncertainty for Minnesota FY 2018-19 Revenues

May 15, 2017

What happens to the revenue forecast if a recession starts?

- During the last two relatively mild and short (8 months each) U.S. recessions, we lowered our revenue forecast for the current biennium on average 4.5 percent from one February to the next (so, over 12 months).
 - We lowered our revenue forecast by 0.5 percent in the 1990-91 recession and by 8.6 percent in the 2001 recession.
 - The Great Recession of 2007-09 is too much of an outlier to use as a comparison here.
- If *this year* we were to face an experience similar to the average of those two recessions, we might lower our forecast for FY 2018-19 revenues by about \$1.9 billion (4.1 percent) in November 2017, and then by another \$200 million (0.5 percent) in February 2018. That would be a \$2.1 billion (4.5 percent) forecast reduction over 12 months.
 - With significant impacts on financial income, especially capital gains, the 2001 recession was much harder on Minnesota revenues than the 1990-91 recession. If this year we were to face a similar experience to the 2001 recession, we might lower our forecast for FY 2018-19 revenues by about \$3.4 billion (7.5 percent) in November 2017, and then by another \$500 million (1.2 percent) in February 2018. That would be a \$3.9 billion (8.6 percent) forecast reduction over 12 months.
 - If this year we were to face a similar experience to the 1990-91 recession, we might lower our forecast for FY 2018-19 revenues by about \$230 million (0.5 percent) by February 2018.
 - These estimates include all sources of revenue forecast risk, including both economic risk and our own forecast error.
 - These estimates *do not include* the impact of a recession on expenditures. Demand for public services tends to increase during an economic downturn, putting pressure on state government spending.

How far off can revenues be by then end of the biennium?

- In February, we forecast total FY 2018-19 revenues to be roughly \$45.7 billion. If our February 2017 forecast is about as accurate as our average forecast, the range of closing values for FY 2018-19 total revenues is \$45.7 billion plus or minus \$2.4 billion (5.4 percent). That is, revenues



could end up as low as \$43.2 billion or as high as \$48.1 billion. (Values do not add due to rounding.)

- Our average error for 29-months-ahead forecasts is plus or minus 5.4 percent of non-dedicated revenues. We calculated the average over 13 biennia.
- More information is in our March 2017 *Revenue Forecast Uncertainty Report*:
<https://mn.gov/mmb-stat/000/az/forecast/2017/february-forecast/forecast-uncertainty-report-full.pdf>

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Minnesota Legislature

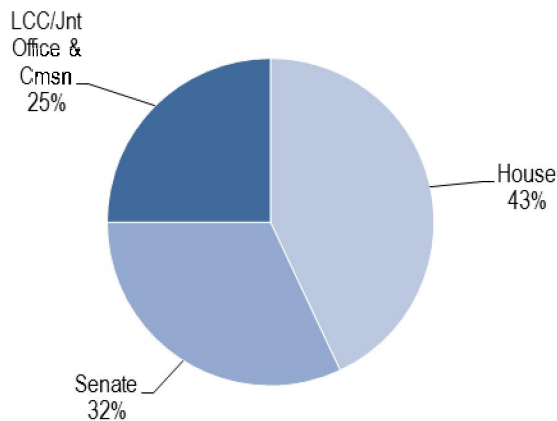
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Minnesota Legislature**Small Agency Profile**www.leg.state.mn.us/**AT A GLANCE**

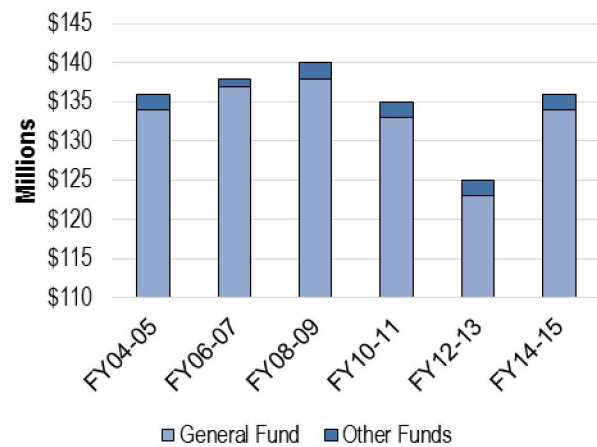
- The constitution provides that the Legislature may meet up to 120 days during a two-year period.
- For the 15-16 biennial legislative session and 2015 special session 4,503 bills were introduced in the House, 3,653 bills were introduced in the Senate. Of those, 189 bills were presented to the governor for signing and were fully enacted.
- The biennial budget for the legislature is approximately \$158M, which is 0.38% of the state general fund budget.

PURPOSE

The legislature is one of three branches of state government (the others being the executive and judicial branches) created by the constitution of the State of Minnesota. The legislative branch is responsible for the enactment and revision of state laws, establishing a state budget and tax policy, electing regents of the University of Minnesota, overseeing the work of state government, as well as proposing amendments to the state constitution. The Minnesota legislature consists of two bodies: the House of Representatives and the Senate. In addition the House and Senate have created joint legislative offices and commissions under the fiscal and administrative oversight of the Legislative Coordinating Commission.

BUDGET**Spending by Program
FY 15 Actual**

Source: SWIFT

Historic Spending

Source: CFS

Legal authority for the Minnesota Legislature: M.S. 3

Legislature

Agency Expenditure Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecasted Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	65,713	68,507	73,056	85,731	82,324	82,130	82,324	82,130
1300 - Minnesota Resources	0	0	0	13	12	0	12	0
2000 - Restrict Misc Special Revenue	175	198	236	423	238	100	238	100
2050 - Environment & Natural Resource	477	465	597	1,333	35	0	35	0
2300 - Outdoor Heritage Fund	423	542	482	969	226	226	226	226
2301 - Arts & Cultural Heritage Fund	12	7	7	4	0	0	0	0
2302 - Clean Water Fund	8	12	3	6	0	0	0	0
2303 - Parks And Trails Fund	4	5	1	3	0	0	0	0
2360 - Health Care Access	33	134	67	252	128	128	128	128
2403 - Gift	3	0	0	23	22	0	22	0
3000 - Federal	228	446	83	0	0	0	0	0
6000 - Miscellaneous Agency	394	375	363	392	389	389	389	389
Total	67,470	70,690	74,895	89,148	83,374	82,973	83,374	82,973
<i>Biennial Change</i>				25,883		2,304		2,304
<i>Biennial % Change</i>				19		1		1
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Program

Program: House Of Representatives	28,154	30,091	29,761	32,681	32,616	32,616	32,616	32,616
Program: Senate	22,683	22,571	27,468	34,329	32,455	32,261	32,455	32,261
Program: Legislative Coordinating Comm	10,349	11,694	10,996	15,390	11,739	11,532	11,739	11,532
Program: Legislative Audit Comm	6,285	6,334	6,670	6,748	6,564	6,564	6,564	6,564
Total	67,470	70,690	74,895	89,148	83,374	82,973	83,374	82,973

Expenditures by Category

Compensation	13,208	13,906	14,462	15,255	14,211	14,091	14,211	14,091
Operating Expenses	54,009	56,479	60,276	73,033	68,589	68,308	68,589	68,308
Other Financial Transactions	33	22	17					
Grants, Aids and Subsidies		0						
Capital Outlay-Real Property	220	283	140	860	574	574	574	574
Total	67,470	70,690	74,895	89,148	83,374	82,973	83,374	82,973

Legislature

Agency Expenditure Overview

(Dollars in Thousands)

Full-Time Equivalents

140.6	141.0	143.5	146.7	138.7	137.6	138.7	137.6
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Legislature

Agency Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	11,611	15,261	16,076	19,344	15,593	14,847	15,593	14,847
Direct Appropriation	69,363	69,261	76,198	82,004	81,578	81,384	81,578	81,384
Receipts	0	0	0	0	0	0	0	0
Net Transfers	0	20	127	0	0	0	0	0
Cancellations	0	1,034	0	24	0	0	0	0
Expenditures	65,713	68,507	73,056	85,731	82,324	82,130	82,324	82,130
Balance Forward Out	15,260	15,001	19,344	15,593	14,847	14,101	14,847	14,101
<i>Biennial Change in Expenditures</i>				24,568		5,667		5,667
<i>Biennial % Change in Expenditures</i>				18		4		4
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	132.8	132.4	134.0	137.5	137.5	137.5	137.5	137.5

1300 - Minnesota Resources

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	25	12	0	12	0
Direct Appropriation	0	0	25	0	0	0	0	0
Expenditures	0	0	0	13	12	0	12	0
Balance Forward Out	0	0	25	12	0	0	0	0
<i>Biennial Change in Expenditures</i>				13		(1)		(1)
<i>Biennial % Change in Expenditures</i>						(8)		(8)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	253	452	596	461	138	0	138	0
Receipts	240	240	0	0	0	0	0	0
Net Transfers	133	102	100	100	100	100	100	100
Expenditures	175	198	236	423	238	100	238	100
Balance Forward Out	452	596	461	138	0	0	0	0
<i>Biennial Change in Expenditures</i>				286		(321)		(321)

Legislature

Agency Financing by Fund

(Dollars in Thousands)

2000 - Restrict Misc Special Revenue

<i>Biennial % Change in Expenditures</i>				77		(49)		(49)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.7	1.0	1.1	1.1	1.1	0	1.1	0

2050 - Environment & Natural Resource

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	387	205	122	1,505	35	0	35	0
Direct Appropriation	495	604	2,072	75	0	0	0	0
Net Transfers	(200)	0	(93)	(213)	0	0	0	0
Cancellations	0	222	0	0	0	0	0	0
Expenditures	477	465	597	1,333	35	0	35	0
Balance Forward Out	205	122	1,505	35	0	0	0	0
<i>Biennial Change in Expenditures</i>				987		(1,894)		(1,894)
<i>Biennial % Change in Expenditures</i>				105		(98)		(98)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.0	4.0	4.3	4.0	0	0	0	0

2300 - Outdoor Heritage Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	634	694	738	864	502	276	502	276
Direct Appropriation	483	585	608	607	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Cancellations	0	508	0	0	0	0	0	0
Expenditures	423	542	482	969	226	226	226	226
Balance Forward Out	694	230	864	502	276	50	276	50
<i>Biennial Change in Expenditures</i>				486		(998)		(998)
<i>Biennial % Change in Expenditures</i>				50		(69)		(69)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	3.1	3.6	4.0	4.0	0	0	0	0

Legislature

Agency Financing by Fund

(Dollars in Thousands)

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	7	4	6	4	0	0	0	0
Direct Appropriation	9	9	0	0	0	0	0	0
Receipts	0	0	5	0	0	0	0	0
Cancellations	0	6	0	0	0	0	0	0
Expenditures	12	7	7	4	0	0	0	0
Balance Forward Out	4	0	4	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(8)		(11)		(11)
<i>Biennial % Change in Expenditures</i>				(44)		(100)		(100)
Full-Time Equivalents			0.1	0.1	0.1	0.1	0.1	0.1

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	7	9	6	0	0	0	0
Direct Appropriation	15	15	0	0	0	0	0	0
Cancellations	0	9	0	0	0	0	0	0
Expenditures	8	12	3	6	0	0	0	0
Balance Forward Out	7	0	6	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(11)		(9)		(9)
<i>Biennial % Change in Expenditures</i>				(56)		(100)		(100)

2303 - Parks And Trails Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3	4	3	0	0	0	0
Direct Appropriation	7	6	0	0	0	0	0	0
Cancellations	0	4	0	0	0	0	0	0
Expenditures	4	5	1	3	0	0	0	0
Balance Forward Out	3	0	3	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(5)		(4)		(4)
<i>Biennial % Change in Expenditures</i>				(51)		(100)		(100)

Legislature

Agency Financing by Fund

(Dollars in Thousands)

2360 - Health Care Access

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1,834	191	125	0	0	0	0
Direct Appropriation	128	128	128	128	128	128	128	128
Net Transfers	1,740	0	(127)	0	0	0	0	0
Cancellations	0	1,637	0	0	0	0	0	0
Expenditures	33	134	67	252	128	128	128	128
Balance Forward Out	1,834	191	125	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				152		(63)		(63)
<i>Biennial % Change in Expenditures</i>				91		(20)		(20)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	48	45	45	45	22	0	22	0
Receipts	0	0	0	0	0	0	0	0
Expenditures	3	0	0	23	22	0	22	0
Balance Forward Out	45	45	45	22	0	0	0	0
<i>Biennial Change in Expenditures</i>				20		(1)		(1)
<i>Biennial % Change in Expenditures</i>				667		(4)		(4)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13	0	0	0	0	0	0	0
Receipts	216	445	83	0	0	0	0	0
Expenditures	228	446	83	0	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(591)		(83)		(83)
<i>Biennial % Change in Expenditures</i>				(88)		(100)		(100)

Legislature

Agency Financing by Fund

(Dollars in Thousands)

6000 - Miscellaneous Agency

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	147	111	111	142	140	140	140	140
Receipts	358	368	395	389	389	389	389	389
Expenditures	394	375	363	392	389	389	389	389
Balance Forward Out	111	104	142	140	140	140	140	140
<i>Biennial Change in Expenditures</i>				(13)		23		23
<i>Biennial % Change in Expenditures</i>				(2)		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Minnesota Legislature**Program Narrative****Program: House of Representatives**www.house.leg.state.mn.us**AT A GLANCE**

- 134 representatives compose the Minnesota House of Representatives.
- Representatives serve 2-year terms.

PURPOSE & CONTEXT

There are 134 members of the House of Representatives (<http://www.house.leg.state.mn.us/>). Each member represents a geographically area of the state and is elected by the voters of the district every two years.

The DFL Caucus (<http://www.house.leg.state.mn.us/dfl/>) and the Republican Caucus (<http://www.house.leg.state.mn.us/gop/welcome.asp>) departments each provide legislative services to their respective members. Services provided include legislative management, member administrative support, committee administration and support services, constituent and communication/media services, and caucus research services.

The Chief Clerk's Office (<http://www.house.leg.state.mn.us/cco/cco.asp>) provides assistance and advice to the speaker and members of the House of Representatives in meeting the legal and parliamentary requirements of the lawmaking process and to record the history of that process in a clear, unbiased, and accurate manner. The chief clerk, first and second assistant clerks, index clerk, and chaplain are elected officers of the house. The Chief Clerk's Office is responsible for all computer technology functions in the House, such as managing a secure local area network, managing numerous application programs and coordinating computer support to all house staff.

The House Research Department (<http://www.house.leg.state.mn.us/hrd/hrd.aspx>) provides research and legal services to the house and its members and committees. The work of House Research focuses on legislative decision-making: helping house members and committees develop and evaluate government policies and laws. The department is an agency of the House of Representatives as a whole, rather than a committee or caucus. House Research provides nonpartisan, confidential services to all members of the house without regard to partisan affiliation or legislative position. The department strives to be politically neutral and impartial on the issues. Its staff does not advocate, endorse, promote, or oppose legislation or legislative decision.

The Fiscal Analysis Department (<http://www.house.leg.state.mn.us/fiscal/fahome.asp>) provides professional, nonpartisan, and confidential services for all members of the House of Representatives, and provides assistance to the house finance and tax committees on state budgetary and fiscal legislation. Department staff analyzes spending requests, aid committees in developing and analyzing budgetary options, draft legislation to implement budget decisions, track legislative decisions, and provide analysis for legislative oversight of enacted budgets. Fiscal analysts respond to requests from individual members needing analyses or information on state budgetary issues or government finances. The Fiscal Analysis Department researches, prepares, and distributes publications providing information on state budget issues and government finances.

The House Public Information Services Department (<http://www.house.leg.state.mn.us/hinfo/hinfo.asp>) is a contact point to help the public connect to the Legislature. The mission of the department is to provide credible and timely nonpartisan services that inform the general public of legislative actions, educate the public about the legislative process and encourage public participation in the Minnesota Legislature. The department produces and distributes Session Weekly newsmagazine, Session Daily, committee schedules, committee rosters, members and staff lists, legislative directories, and various publications that explain the state's symbols, governmental structure and lawmaking process. It provides photography services for members, staff and the public, and distributes audio CD copies of all House meetings, and DVD copies of all House television coverage. The department creates and distributes unedited, gavel-to-gavel television coverage of all House floor sessions, select committee hearings, press conferences, and informational and educational programming. Beginning with the start of each legislative session, programming is broadcast, in conjunction with the Senate, weekdays from 8 a.m. to 6 p.m. on the digital Minnesota Channel, which is available statewide on Minnesota's public television stations. Live webcasting and video archives of all House television programming is available on the Internet.

The House Budget & Accounting Department and Human Resources Department performs the financial and human resources functions for the house. Financial functions include: accounting, budgeting, staff and member payroll, accounts payable, and expense reimbursements. Human resources function includes compensation and benefit administration, personnel policy development and communication and house staffing management.

The Sergeant-At-Arms Office (<http://www.house.leg.state.mn.us/sergeant/sergeant.asp>) provides temporary support staff (pages), parking, facility management, telephone system management, supply and equipment purchases, security, post office, duplication and printing, and educational program services for members, staff, and the public. The speaker appoints the chief sergeant. The assistant sergeants, postmaster, and assistant postmaster are elected by house members to serve with the chief sergeant as officers of the house. Pages serve as support staff for all house and conference committee hearings and aid all departments in accomplishing their duties.

Legal authority for the Minnesota House of Representatives: M.S. 3

Budget Activity: House of Representatives

Budget Activity Expenditure Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	27,913	29,797	29,481	32,383	32,383	32,383	32,383	32,383
2360 - Health Care Access	0	63	64	62	0	0	0	0
6000 - Miscellaneous Agency	241	230	216	236	233	233	233	233
Total	28,154	30,091	29,761	32,681	32,616	32,616	32,616	32,616
<i>Biennial Change</i>				4,197		2,790		2,790
<i>Biennial % Change</i>				7		4		4
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Operating Expenses	28,154	30,091	29,761	32,681	32,616	32,616	32,616	32,616
Total	28,154	30,091	29,761	32,681	32,616	32,616	32,616	32,616
<i>Full-Time Equivalents</i>	0	0	0	0	0	0	0	0

Budget Activity: House of Representatives

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	4,993	7,604	8,331	10,289	10,289	10,289	10,289	10,289
Direct Appropriation	30,524	30,524	31,439	32,383	32,383	32,383	32,383	32,383
Net Transfers		0		0				
Expenditures	27,913	29,797	29,481	32,383	32,383	32,383	32,383	32,383
Balance Forward Out	7,604	8,331	10,289	10,289	10,289	10,289	10,289	10,289
<i>Biennial Change in Expenditures</i>				4,154		2,902		2,902
<i>Biennial % Change in Expenditures</i>				7		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2360 - Health Care Access

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	63	64	62	0	0	0	0
Net Transfers	63	64	62					
Expenditures	0	63	64	62	0	0	0	0
Balance Forward Out	63	64	62	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				63		(126)		(126)
<i>Biennial % Change in Expenditures</i>				99		(100)		(100)

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	64	44	40	62	60	60	60	60
Receipts	220	227	239	233	233	233	233	233
Expenditures	241	230	216	236	233	233	233	233
Balance Forward Out	44	40	62	60	60	60	60	60
<i>Biennial Change in Expenditures</i>				(19)		14		14
<i>Biennial % Change in Expenditures</i>				(4)		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Minnesota Legislature**Program Narrative****Program: Minnesota Senate**www.senate.leg.state.mn.us**AT A GLANCE**

- 67 senators compose the Minnesota Senate.
- Senators serve 4-year terms.

PURPOSE & CONTEXT

In addition to the functions listed under agency purpose for the Minnesota Legislature, the Senate also has the responsibility to advise and consent to the governor's appointments.

SERVICES PROVIDED

Information not provided.

RESULTS

Information not provided

The Minnesota Senate is established under Article 4, section 1 of the Minnesota Constitution. Primary statutory citations regarding Senate operations can be found in M.S. 3.

Budget Activity: Senate

Budget Activity Expenditure Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	22,529	22,427	27,322	34,111	32,299	32,105	32,299	32,105
2360 - Health Care Access	0	0	0	62	0	0	0	0
6000 - Miscellaneous Agency	153	144	147	156	156	156	156	156
Total	22,683	22,571	27,468	34,329	32,455	32,261	32,455	32,261
<i>Biennial Change</i>				16,544		2,919		2,919
<i>Biennial % Change</i>				37		5		5
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Operating Expenses	22,683	22,571	27,468	34,329	32,455	32,261	32,455	32,261
Total	22,683	22,571	27,468	34,329	32,455	32,261	32,455	32,261
<i>Full-Time Equivalents</i>	0	0	0	0	0	0	0	0

Budget Activity: Senate

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3,945	4,549	4,769	5,537	3,712	3,712	3,712	3,712
Direct Appropriation	23,133	22,633	27,962	32,286	32,299	32,105	32,299	32,105
Net Transfers		0	127					
Expenditures	22,529	22,427	27,322	34,111	32,299	32,105	32,299	32,105
Balance Forward Out	4,549	4,755	5,537	3,712	3,712	3,712	3,712	3,712
<i>Biennial Change in Expenditures</i>				16,477		2,971		2,971
<i>Biennial % Change in Expenditures</i>				37		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2360 - Health Care Access								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	63	127	62	0	0	0	0
Net Transfers	63	64	(65)					
Expenditures	0	0	0	62	0	0	0	0
Balance Forward Out	63	127	62	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				62		(62)		(62)
<i>Biennial % Change in Expenditures</i>						(100)		(100)

6000 - Miscellaneous Agency								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	83	67	71	80	80	80	80	80
Receipts	138	141	156	156	156	156	156	156
Expenditures	153	144	147	156	156	156	156	156
Balance Forward Out	67	64	80	80	80	80	80	80
<i>Biennial Change in Expenditures</i>				5		9		9
<i>Biennial % Change in Expenditures</i>				2		3		3
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Program: Legislative Coordinating Commission

www.commissions.leg.state.mn.us/

AT A GLANCE

- The LCC is composed of joint legislative commissions and offices of the Minnesota Legislature.
- Joint offices provide services to the Minnesota House of Representatives and the Minnesota Senate.

PURPOSE & CONTEXT

The House and Senate have created joint legislative offices and commissions under the fiscal and administrative oversight of the Legislative Coordinating Commission.

The Legislative Coordinating Commission (LCC) (<http://www.lcc.leg.mn/>) serves as the umbrella organization for legislative commissions, joint agencies, and other boards. LCC staff provide staff support to numerous commissions and task forces, as well as providing administrative and fiscal support services to joint legislative offices. The Geographic Information Services Office (<http://www.gis.leg.mn/index.html>) of the LCC is the repository for statewide boundary information for legislative use and provides mapping and data services for the legislature, state agencies and the public. The LCC maintains the Minnesota's Legacy website (<http://www.legacy.leg.mn/>) which displays how funds from the Legacy Amendment and the Environment and Natural Resources Trust Fund are being utilized throughout the state. The LCC facilitates arrangements for visiting international and state delegations to the legislature.

The LCC provides staff and fiscal support for the Compensation Council, the Joint House/Senate Subcommittee on Claims, the Office of the Economic Status of Women, the Regent Candidate Advisory Council, the Trustee Candidate Advisory Council, the Mississippi River Parkway Commission, the Legislative Water Commission, and the Subcommittee on Employee Relations and a number of other commissions and task forces. All joint legislative offices and commissions (<http://www.commissions.leg.state.mn.us/depts.htm>) are nonpartisan.

The Legislative Reference Library (<http://www.leg.state.mn.us/lrl/lrl.aspx>) collects, indexes, publishes, and makes available public policy information both online and in the library. In addition to supporting the legislative process, information is also made available to the executive agencies and to the public.

The Office of the Revisor of Statutes (<https://www.revisor.mn.gov/>) provides drafting, editing, publication, and computer services to members of both houses of the legislature as well as constitutional offices, state agencies and departments. Drafting services are provided on a confidential, nonpartisan basis, and include bills, engrossments, and enrollments presented to the governor, plus administrative rules. The office is the official publisher of Laws of Minnesota, Minnesota Statutes, and Minnesota Rules, both in books and on the internet, and has provided national leadership in accessibility, authentication, and preservation of online legal material. The Revisor's computer unit provides a system used for drafting by offices across the legislature, core infrastructure services for legislative telephone and WiFi, and the systems used for book and internet publication of Minnesota law.

The Legislative Commission on Pensions and Retirement (<http://www.lcpr.leg.mn/>) considers, hears testimony and makes recommendations regarding proposed legislation relating to pension and retirement benefits for public employees and the State's pension and retirement plans. The Commission receives and reviews the annual actuarial valuations and periodic experience studies of the State's public pension plans, monitors the sufficiency of plan funding and recommends adjustments to assumptions and contributions. The Commission also studies and hears testimony on other retirement-related topics, including national trends, pension reform and federal law changes.

The Legislative Energy Commission (LEC) (<http://www.lec.leg.mn/>) evaluates the energy policies of the state, assessing the impact on the future of the environment and the economy of the State. The LEC monitors the State of Minnesota's progress in achieving goals to develop renewable sources of electric energy, evaluates progress in reducing greenhouse gas emissions, reviews and recommends proposed energy legislation and takes public testimony on energy issues.

The Legislative-Citizen Commission on Minnesota Resources (<http://www.lccmr.leg.mn/>) advises the legislature and provides oversight on the allocation of certain dedicated environment and natural resources funding sources, primarily the constitutional dedicated Environment and Natural Resources Trust Fund from State Lottery proceeds, for projects for the public purpose of protection, conservation, preservation and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.

The Lessard-Sams Outdoor Heritage Council (LSOHC) (<http://www.lsohc.leg.mn/>) recommends funding from the Outdoor Heritage Fund to the legislature. The LSOHC ensures that recommendations are consistent with the Constitution and state law and that they will achieve the outcomes of natural resource plans including the Minnesota Conservation and Preservation Plan directly related to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife. Recommendations preventing forest fragmentation, encouraging forest consolidation, and expanding restored native prairie receive emphasis.

Legal authority for the LCC: M.S. 3

Budget Activity: Legislative Coordinating Comm

Budget Activity Expenditure Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	9,018	10,019	9,584	12,489	11,078	11,078	11,078	11,078
1300 - Minnesota Resources	0	0	0	13	12	0	12	0
2000 - Restrict Misc Special Revenue	175	198	236	423	238	100	238	100
2050 - Environment & Natural Resource	477	465	597	1,333	35	0	35	0
2300 - Outdoor Heritage Fund	8	12	3	6	0	0	0	0
2301 - Arts & Cultural Heritage Fund	12	7	7	4	0	0	0	0
2302 - Clean Water Fund	8	12	3	6	0	0	0	0
2303 - Parks And Trails Fund	4	5	1	3	0	0	0	0
2360 - Health Care Access	1	0	3	128	128	128	128	128
2403 - Gift	3	0	0	23	22	0	22	0
3000 - Federal	228	446	83	0	0	0	0	0
Total	9,935	11,165	10,517	14,428	11,513	11,306	11,513	11,306
<i>Biennial Change</i>				3,845		(2,125)		(2,125)
<i>Biennial % Change</i>				18		(9)		(9)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	7,387	7,931	8,106	8,822	8,239	8,119	8,239	8,119
Operating Expenses	2,331	2,953	2,277	4,752	2,704	2,617	2,704	2,617
Grants, Aids and Subsidies	0	0	0	0	0	0	0	0
Capital Outlay-Real Property	217	280	134	854	571	571	571	571
Total	9,935	11,165	10,517	14,428	11,513	11,306	11,513	11,306
<i>Full-Time Equivalents</i>	78.3	81.9	81.0	84.2	80.2	79.2	80.2	79.2

Budget Activity: Legislative Coordinating Comm

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	2,497	2,903	2,685	3,334	1,592	846	1,592	846
Direct Appropriation	15,706	16,104	10,233	10,771	10,332	10,332	10,332	10,332
Receipts	0	0	0	0	0	0	0	0
Net Transfers	(6,281)	(6,303)	0	0	0	0	0	0
Cancellations	0	1,034	0	24	0	0	0	0
Expenditures	9,018	10,019	9,584	12,489	11,078	11,078	11,078	11,078
Balance Forward Out	2,903	1,652	3,334	1,592	846	100	846	100
<i>Biennial Change in Expenditures</i>				3,036		84		84
<i>Biennial % Change in Expenditures</i>				16		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	73.6	76.9	75.5	79.0	79.0	79.0	79.0	79.0

1300 - Minnesota Resources								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	25	12	0	12	0
Direct Appropriation	0	0	25	0	0	0	0	0
Expenditures	0	0	0	13	12	0	12	0
Balance Forward Out	0	0	25	12	0	0	0	0
<i>Biennial Change in Expenditures</i>				13		(1)		(1)
<i>Biennial % Change in Expenditures</i>						(8)		(8)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2000 - Restrict Misc Special Revenue								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	253	452	596	461	138	0	138	0
Receipts	240	240	0	0	0	0	0	0
Net Transfers	133	102	100	100	100	100	100	100
Expenditures	175	198	236	423	238	100	238	100
Balance Forward Out	452	596	461	138	0	0	0	0
<i>Biennial Change in Expenditures</i>				286		(321)		(321)

Budget Activity: Legislative Coordinating Comm

Budget Activity Financing by Fund

(Dollars in Thousands)

2000 - Restrict Misc Special Revenue								
<i>Biennial % Change in Expenditures</i>				77		(49)		(49)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.7	1.0	1.1	1.1	1.1	0	1.1	0
2050 - Environment & Natural Resource								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	387	205	122	1,505	35	0	35	0
Direct Appropriation	495	604	2,072	75	0	0	0	0
Net Transfers	(200)	0	(93)	(213)				
Cancellations	0	222	0	0	0	0	0	0
Expenditures	477	465	597	1,333	35	0	35	0
Balance Forward Out	205	122	1,505	35	0	0	0	0
<i>Biennial Change in Expenditures</i>				987		(1,894)		(1,894)
<i>Biennial % Change in Expenditures</i>				105		(98)		(98)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.0	4.0	4.3	4.0	0	0	0	0
2300 - Outdoor Heritage Fund								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	7	9	6	0	0	0	0
Direct Appropriation	15	15	0	0	0	0	0	0
Expenditures	8	12	3	6	0	0	0	0
Balance Forward Out	7	9	6	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(11)		(9)		(9)
<i>Biennial % Change in Expenditures</i>				(56)		(100)		(100)
2301 - Arts & Cultural Heritage Fund								
	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	7	4	6	4	0	0	0	0
Direct Appropriation	9	9	0	0	0	0	0	0
Receipts	0	0	5	0	0	0	0	0

Budget Activity: Legislative Coordinating Comm

Budget Activity Financing by Fund

(Dollars in Thousands)

2301 - Arts & Cultural Heritage Fund

Cancellations	0	6	0	0	0	0	0	0	0
Expenditures	12	7	7	4	0	0	0	0	0
Balance Forward Out	4	0	4	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(8)		(11)			(11)
<i>Biennial % Change in Expenditures</i>				(44)		(100)			(100)
Full-Time Equivalents	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1

2302 - Clean Water Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	7	9	6	0	0	0	0
Direct Appropriation	15	15	0	0	0	0	0	0
Cancellations	0	9	0	0	0	0	0	0
Expenditures	8	12	3	6	0	0	0	0
Balance Forward Out	7	0	6	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(11)		(9)		(9)
<i>Biennial % Change in Expenditures</i>				(56)		(100)		(100)

2303 - Parks And Trails Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	3	4	3	0	0	0	0
Direct Appropriation	7	6	0	0	0	0	0	0
Cancellations	0	4	0	0	0	0	0	0
Expenditures	4	5	1	3	0	0	0	0
Balance Forward Out	3	0	3	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(5)		(4)		(4)
<i>Biennial % Change in Expenditures</i>				(51)		(100)		(100)

2360 - Health Care Access

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	128	128	128	128	128	128	128	128
Net Transfers	(127)	(128)	(125)					
Expenditures	1	0	3	128	128	128	128	128
<i>Biennial Change in Expenditures</i>				130		125		125

Budget Activity: Legislative Coordinating Comm

Budget Activity Financing by Fund

(Dollars in Thousands)

2360 - Health Care Access

<i>Biennial % Change in Expenditures</i>				9,758		95		95
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2403 - Gift

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	48	45	45	45	22	0	22	0
Receipts	0	0	0	0	0	0	0	0
Expenditures	3	0	0	23	22	0	22	0
Balance Forward Out	45	45	45	22	0	0	0	0
<i>Biennial Change in Expenditures</i>				20		(1)		(1)
<i>Biennial % Change in Expenditures</i>				667		(4)		(4)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13	0	0	0	0	0	0	0
Receipts	216	445	83	0	0	0	0	0
Expenditures	228	446	83	0	0	0	0	0
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(591)		(83)		(83)
<i>Biennial % Change in Expenditures</i>				(88)		(100)		(100)

Program: Office of the Legislative Auditor

www.auditor.leg.state.mn.us/

AT A GLANCE

- OLA is the auditor of Minnesota state government. It conducts audits, evaluations, and investigations.
- OLA is comparable to a federal Office of Inspector General and the Congressional Government Accountability Office (GAO).

PURPOSE & CONTEXT

The Office of the Legislative Auditor (OLA) (<http://www.auditor.leg.state.mn.us/>) is a professional, nonpartisan, audit and evaluation office established in 1973 to strengthen accountability and legislative oversight.

OLA has authority to audit all organizations in the executive and judicial branches of state government, as well as various metropolitan organizations. When state government grants money to or contracts with private organizations, OLA has authority to audit the use of that money as well. In addition, OLA's Program Evaluation Division annually conducts six to eight evaluations of state-funded programs in response to requests from legislators. OLA investigates alleged misuse of public resources and conducts special reviews of issues of legislative concern. OLA has access to all documents and data regardless of classification but may not disclose documents or data classified as not public. OLA is directed by the Legislative Auditor, who is appointed by the Legislative Audit Commission (composed of 12 legislators with equal representation from the House and Senate majority and minority caucuses).

Legal authority for the Minnesota Office of the Legislative Auditor: M.S. 3

Budget Activity: Legislative Auditor

Budget Activity Expenditure Overview

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	6,252	6,264	6,670	6,748	6,564	6,564	6,564	6,564
2360 - Health Care Access	32	70	0	0	0	0	0	0
Total	6,285	6,334	6,670	6,748	6,564	6,564	6,564	6,564
<i>Biennial Change</i>				799		(290)		(290)
<i>Biennial % Change</i>				6		(2)		(2)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	5,512	5,558	5,956	5,993	5,973	5,973	5,973	5,973
Operating Expenses	739	755	697	755	591	591	591	591
Other Financial Transactions	33	22	17	0	0	0	0	0
Total	6,285	6,334	6,670	6,748	6,564	6,564	6,564	6,564
Full-Time Equivalents	59.2	55.5	58.5	58.5	58.5	58.5	58.5	58.5

Budget Activity: Legislative Auditor

Budget Activity Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	176	205	290	184	0	0	0	0
Direct Appropriation	0	0	6,564	6,564	6,564	6,564	6,564	6,564
Net Transfers	6,281	6,323	0					
Expenditures	6,252	6,264	6,670	6,748	6,564	6,564	6,564	6,564
Balance Forward Out	205	264	184	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				901		(290)		(290)
<i>Biennial % Change in Expenditures</i>				7		(2)		(2)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	59.2	55.5	58.5	58.5	58.5	58.5	58.5	58.5

2360 - Health Care Access

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1,707	0	0	0	0	0	0
Net Transfers	1,740							
Cancellations	0	1,637	0	0	0	0	0	0
Expenditures	32	70	0	0	0	0	0	0
Balance Forward Out	1,707	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(103)				
<i>Biennial % Change in Expenditures</i>				(100)				



KeyCite Yellow Flag - Negative Treatment

Amended in Part by [In re Temporary Funding of Core Functions of the Executive Branch of the State of Minnesota](#), Minn. Dist. Ct., June 29, 2011

2011 WL 2556036 (Minn. Dist. Ct.) (Trial Order)

District Court of Minnesota,

Second Judicial District.

Ramsey County

In re TEMPORARY FUNDING OF CORE FUNCTIONS OF
THE EXECUTIVE BRANCH OF THE STATE OF MINNESOTA.

No. 62-CV-11-5203.

June 29, 2011.

Findings of Fact, Conclusions of Law, and Order Granting Motion for Temporary Funding[Kathleen R. Gearin](#), Judge.

Case Type: Civil

On June 15, 2011, this Court issued an Order to Show Cause setting a hearing date of June 23, 2011 on the motion of Petitioner Lori Swanson, Attorney General of the State of Minnesota, for an Order of this Court directing that core functions of the State of Minnesota continue to operate and be funded on a temporary basis after June 30, 2011. Since then, various other submissions have been filed with the Court. Appearances at the hearing are as noted in the record. Having considered the pleadings filed in this matter and the oral presentations of counsel, this Court makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. The Governor motioned this Court to order mandatory mediation between the executive and legislative branches. The Court denied the motion orally and in a written order dated June 27, 2011. The Governor opposes the Attorney General's Petition for a court order directing core functions of the State of Minnesota to continue absent a budget agreement between the executive and legislative branches by June 30, 2011. The Governor asks this Court not to issue any further orders at this time arguing the issue is not justiciable. The Governor asserts that he is prepared to use his executive power without an appropriation or court order should the executive and legislative branches fail to reach a budget agreement.
2. The Court finds that the issue has "ripened" to the point where it needs to be ruled upon by the Court. *Holiday Acres No. 3 v. Midwest Fed. Sav. & Loan Assoc.*, 271 N.W.2d 445 (Minn. 1978).
3. The Attorney General petitioned this Court for an order directing that core functions of the State of Minnesota continue to operate and be funded on a temporary basis after June 30, 2011. She also requests the Court appoint a Special Master. The Attorney General took no position on the motion for mediation but informed the Court she would participate if ordered to do so.
4. The Minnesota House opposed the request for court ordered mediation as unconstitutional. At the hearing, counsel for the House stated the House does not oppose the Attorney General's Petition or the Governor's position. The House specifically requested the Court order the Office of Management and Budget to continue issuing payments to fund the

Minnesota House in the event of a state government shutdown. The House also took the position that the issue before the Court is justiciable.

5. The Minnesota Senate concurred with the Minnesota House's position on mediation. It takes no position on the Attorney General's Petition and does not oppose the Governor or the Attorney General's requests regarding what functions should be deemed essential. The Senate concurred with the House's position regarding its request that this Court order the Office of Management and Budget to continue issuing payments to fund the Minnesota House in the event of a state government shutdown. The Senate asks that this Court treat both legislative bodies the same.

6. Minnesota Senators Roger Chamberlain, Warren Limmer, Scott Newman, and Sean Nienow motioned this Court to intervene as parties. The Governor and the Attorney General both opposed the motion to intervene. The House and Senate took no position on the issue. The Court denied the motion orally on June 23, 2011. The four senators were allowed to participate as *amicus curiae* regarding the issues raised in the Attorney General's petition.

7. The Association of Residential Resources in Minnesota, Minnesota Development Achievement Center Association and Minnesota Habilitation Coalition, Inc. motioned this Court to intervene as parties. The Governor, Minnesota House, Minnesota Senate and the Attorney General had no objection. Therefore, this Court granted intervention orally.

8. The Minnesota Workforce Council Association, the Associated General Contractors of Minnesota and Hennepin County also made motions to intervene. The Attorney General had no objection to the extent that the interveners did not raise new issues. The Governor had no objection to the motions. The House and Senate took no position on the issue. The Court took the motions under advisement.

9. Petitioner Lori Swanson is the Attorney General of the State of Minnesota and in that capacity she represents the public in all legal matters involving the State of Minnesota. She also represents the people of the State in a *parens patriae* capacity.

10. The regular session of the Minnesota Legislature ended on May 23, 2011. No legislation has been enacted appropriating funds for the executive branch officers and agencies (other than the Department of Agriculture, the Board of Animal Health and the Agricultural Utilization Research Institute) for the fiscal year beginning on July 1, 2011.

11. The legislature failed to pass a "lights on" bill that would have continued funding of executive branch core functions beyond 11:59 p.m. on June 30, 2011 before it adjourned.

12. The Governor has not called the legislature into special session in order to have it attempt to pass either a "lights on" bill or funding bills that would either have a two-thirds majority or be signed by the Governor.

13. After the 2005 shutdown, the Minnesota Court of Appeals stated that, "The legislature could prevent another judicially mandated disbursement of public funds without an authorized appropriation by, for example, creating an emergency fund to keep the government functioning during a budgetary impasse or enacting a statute setting forth the procedures to be followed during a budgetary impasse." *State ex rel. Sviggum v. Hanson*, 732 N.W.2d 312 (Minn. App. 2007). The Court of Appeals emphasized that it is "the legislature and not the judiciary that has the institutional competency to devise a prospective plan for resolving future political impasses." In the five years since the *Sviggum* decision was issued, no plan has become law.

14. The Minnesota Constitution entrusts certain core functions to the executive branch of government and to each of the five executive branch constitutional officers specified in Article V (the Governor, Lieutenant Governor, Attorney General, Secretary of State, and State Auditor). Those core functions of executive branch officials and agencies include ensuring compliance with state and federal constitutional rights of citizens and federal mandates.

15. Due to the lack of appropriations, the five constitutional officers of the State of Minnesota and the executive branch agencies will not have sufficient funds to carry out then-core functions. The failure to properly fund critical core functions of the executive and legislative branches will violate the constitutional rights of the citizens of Minnesota.

16. In 2001 and 2005, the Attorney General petitioned this Court to preserve the operation of core functions of the executive branch of government after a budget was not enacted to fund state government. In those instances, this Court issued Orders providing for the continued performance of the core functions of the executive branch constitutional officers, and that the State continue to pay for such functions performed after July 1, 2001 and July 1, 2005, respectively. *See In Re Temporary Funding of Core Functions of the Executive Branch of the State of Minnesota*, Findings of Fact, Conclusions of Law, and Order Granting Motion for Temporary Funding, C0-05-5928 (Ramsey Co. D.Ct., filed June 23, 2005); *In Re Temporary Funding of Core Functions of the Executive Branch of the State of Minnesota*, Findings of Fact, Conclusions of Law, and Order Granting Motion for Temporary Funding, C9-01-5725 (Ramsey Co. D.Ct., filed June 29, 2001). In 2001 and 2005, the Court appointed a Special Master to assist in resolving issues relating to the Orders. The constitutional analysis that resulted in the judges in those cases granting the Attorney General's petition has not been the subject of appellate review. In both the 2001 and the 2005 cases, the Governor agreed with and joined in the Attorney General's request.

17. With regard to a previous shutdown of the federal government, the Office of Management and Budget (“OMB”) and the United States Attorney General used the following criteria to define core or essential government services:

- Those services providing for national security;
- Those services providing for benefit payments in the performance of contract obligations, and
- Conducting essential activities to the extent that they protect life and property. OMB Memorandum, *Agency Operations in Absence of Appropriations* (Nov. 17, 1981), available at http://www.opm.gov/furlough/OMBGuidance/Attachment_A-4.pdf (hereinafter “OMB Memorandum”).

18. Pursuant to the criteria referenced in paragraph 14 above, the OMB determined that the following activities, among others, were core or essential services necessary to protect life and property:

- Medical care of inpatients and emergency outpatient care;
- Activities essential to ensure continued public health and safety, including safe use of food, drugs, and hazardous materials;
- Continuance of transportation safety functions and the protection of transport property;
- Protection of lands, buildings, waterways, equipment and other property owned by the government;
- Care of prisoners and other persons in the custody of the government;
- Law enforcement and criminal investigations;
- Emergency and disaster assistance;
- Activities that ensure the production of power and the maintenance of the power distribution system;

- Activities essential to the preservation of the essential elements of the financial system of the government, including the borrowing and tax collection activities of the government; and
- Activities necessary to maintain protection of research property.

OMB Memorandum.

19. [Minnesota Constitution Article III, Section 1](#), regarding no branch exercising the powers of another, is not found in the United States Constitution. It is found in a number of state constitutions. It is an “unusually forceful command...” [Fletcher v. Commonwealth](#), 163 S.W.3d 852 (Ky. 2005).

20. [Article I, Section 1, of the Minnesota Constitution](#) states, “Government is instituted for the security, benefit, and protection of the people in whom all political power is inherent...” Other sections of the Constitution impose a variety of core functions upon the five constitutional officers which may not be abridged. [State ex rel. Mattson vs. Kiedrowski](#), 391 N.W.2d 777 (Minn. 1986).

21. The Minnesota Constitution requires that the state provide a “general and uniform system of public schools.” [Minn. Const, art. XIII, § 1](#). This requires that the state finance an “adequate” level of education that is uniformly available to all students. This constitutional provision makes funding education a critical core function of government.

22. The Supremacy Clause of the United States Constitution requires that the State of Minnesota perform certain core functions of the government pursuant to an intergovernmental compact agreement or congressional mandate.

23. The State of Minnesota has reserves at this time sufficient to fund core functions of the executive branch, and the executive branch could continue to operate core functions if it had access to those funds.

24. The State of Minnesota has entered into numerous agreements with the United States government which require the State to make payments to individuals or local governmental units, or to undertake certain administrative duties on behalf of or in cooperation with the federal government. Without funding as of July 1, 2011, the State will violate the Supremacy clause of the U.S. Constitution. These agreements and obligations involve, but are not limited to, the administration and payment of medical assistance, general assistance, and a variety of other programs designed to ensure the health, safety and welfare of Minnesota citizens.

25. Examples of the federal programs referenced in paragraph 17 include the following: the Supplemental Nutrition Assistance Program (referred to herein as the Food Stamp Program), 7 U.S.C. § 2011 *et seq.*; the Temporary Assistance to Needy Families (TANF) Program, 42 U.S.C. § 601 *et seq.*; and the Medicaid Program, [42 U.S.C. § 1396 *et seq.*](#) Before the State was allowed to participate in these programs, it was required to assure the federal government, through certification or a state plan submission, that Minnesota residents would be promptly provided the food, subsistence and medical benefits for which they were eligible. *See* [7 U.S.C. § 2020\(a\)](#); (d), (e)(2), (3) & (9); [42 U.S.C. § 602\(a\)\(1\)](#), (4); [42 U.S.C. § 1396a\(a\)\(9\)](#), (10). The State must also share in the cost of operating each program. *See* [7 U.S.C. § 2025](#), [42 U.S.C. § 609\(a\)\(7\)](#), [42 U.S.C. § 1396a\(a\)\(2\)](#). The State is responsible for 50% of the benefit costs of the Medicaid program. It must also maintain prior levels of state spending in the TANF program. Should the State fail to fulfill its numerous responsibilities under any of the three federal programs, it is subject to severe federal fiscal sanctions and, indeed, could be banned from continued participation in the programs. *See* [7 U.S.C. § 2020\(g\)](#); [42 U.S.C. § 609](#); [42 U.S.C. § 1396c](#). The Department of Human Services is responsible under state law for administering the state programs relating to each of these three federal programs. *See* [Minn. Stat. §§ 245.771](#) (Food Stamp Program); 256.1.02 (TANF Program); 256.01, subd. 2 (Medicaid Program). The Attorney General also has certain obligations under federal law (as well as state law) with respect to the Medicaid Program. *See, e.g.*, [42 U.S.C. § 1396b\(q\)](#) (investigate and prosecute Medical Assistance fraud); [Minn. Stat. §](#)

[256B.12](#) (original jurisdiction for Medicaid fraud). The Supremacy Clause of the United States Constitution requires the State of Minnesota to fulfill these agreements with the United States government requiring the State to make payments to individuals or local governmental units, or to undertake administrative duties on behalf of or in cooperation with the federal government. The duty to fulfill these agreements, et cetera, constitute core functions for state government under the United States Constitution.

26. Budget impasses in the absence of state funding appropriations do not permit a state to forego its obligation to fund certain federal programs. *Coalition for Basic Needs v. King*, 654 F.2d 838 (1st Cir. 1981). The Supremacy Clause of the [United States Constitution, Article VI, clause 2](#), makes the United States Constitution and federal laws the supreme law of the land governing anything to the contrary in state laws or state constitutions. *Testa v. Katt*, 330 U.S. 386 (1947).

27. The Governor requested in his pleadings that if the Court did decide to issue an order other than to mediate, said order should be based on the Governor's determination of what priority critical services must be continued. The Governor created a Statewide Contingency Response Team (SCRT) chaired by the Commissioner of the Department of Management and Budget, to establish statewide objectives in the event of a shutdown. The Court agrees with the Governor that the following critical core functions of government should continue to be funded after June 30, 2011 even if there is no resolution of the present funding dispute between the executive and legislative branches:

- 1) Basic custodial care for residents of state correctional facilities, regional treatment centers, nursing homes, veterans homes, and residential academies and other similar state-operated services.
- 2) Maintenance of public safety and immediate public health concerns.
- 3) Provision of benefit payments and medical services to individuals.
- 4) Preservation of the essential elements of the financial system of the government.
- 5) Necessary administration and supportive services, including but not limited to computer system maintenance, internet security, issuance of payments.

28. The Court has attached as Exhibit A the document entitled, "Recommended State-wide Objectives, 2001 Potential Minnesota Government Shutdown and Recommended Priority 1 and Priority 2 Critical Services." The Court has made some minimal changes in the document submitted by the Governor. The Court agrees with the Governor that the Court's order regarding continuing funding for core functions of the government should focus on the critical services discussed in Exhibit A. It agrees that those functions are critical.

29. Any order of this Court allowing the Commissioner of the Department of Management and Budget to issue checks and process funds to pay for core functions and obligations that the State has pursuant to the Supremacy Clause of the United States Constitution should limit itself to only the most critical functions of government involving the security, benefit, and protection of the people.

30. There have been numerous motions to intervene and motions to participate as amicus curiae filed because of the issues raised in this case. The briefs and letters submitted represent many programs, agencies, and contracted private businesses that will be significantly and adversely impacted by the failure of the executive and legislative branches to successfully enact laws appropriating funds. It has been argued compellingly that many of these programs and entities are beneficial to the people of the State, provide services that may aid citizens in working their way out of poverty, may provide jobs for private industry, may improve the state infrastructure, may result in benefits that help working class people obtain and maintain employment, and provide a myriad of other benefits to the State. In light of Article XI, the Court believes that the negative impact of a government shutdown on these programs does not justify a court in over-

extending its authority. In light of Article XI of the Minnesota Constitution, the Court must construe any authority it has to order government spending to maintain critical core functions in a very narrow sense. Discretionary appropriations are the province of the legislature, not the courts.

31. Numerous Minnesota non-profit organizations have filed to either intervene in the proceedings or to participate as amicus curiae. They provide services to vulnerable clients. These clients may suffer hardships and fail to make the progress of which they are capable without the assistance of these non-profits. Some non-profit entities will not survive without state appropriations. Neither the good services they provide nor the fact that they may cease to exist without state funding is sufficient cause to deem their funding to be a critical core function of government and to overcome the constitutional mandate in Article XI.

32. The Court finds that “core functions” that are critical enough to require court-ordered funding despite Article XI are far less in number and breath than proposed by the Attorney General and those seeking amicus curiae status.

33. Except for TANF programs, the child care assistance programs discussed in the memorandum of the amici Coalition of Child Care Providers and Supporters are not critical core function programs that would justify this Court in ordering funding despite the lack of legislative appropriations as required by Article XI. Child care programs that are funded under the TANF program should continue to be funded. Not to do so would violate the Supremacy Clause of the United States Constitution. The Court is aware that not funding non-TANF child care assistance may cause extreme hardship to low income working parents, increase the public assistance rolls because some of these people will have to leave the workforce in order to care for their children, and may lessen the opportunities for low income children to succeed in school. These likely consequences can only be avoided by the exercise of legislative and executive branch discretion in settling the budget issues.

34. The Horsemen's Benevolent and Protective Association brief in support of its motion to intervene or file an amicus curiae brief argues that if they are not able to have racing after June 30, 2011, the race meet will be destroyed, and that the reputation of the Minnesota race meet will be permanently blemished, and future race meets will be jeopardized. Nothing was presented that leads the Court to believe that their assertions are anything less than true. If the Court were to order funding of regulatory activities necessary to allow future race meets to take place, it would, in effect, be ruling that the regulation of horse racing is a core function of government. Regulation of horse racing is not a core function of government. The Court is granting the motion to intervene so that the Horsemen's Benevolent and Protective Association make seek emergency review by an appellate court. The only practical and legal remedy that would save the Association from the damage caused by the failure of other branches of government to resolve their differences is obtainable only by the governor calling a special session and the legislature passing appropriations bills that are capable of becoming law.

35. The appointment of a Special Master will help promote judicial economy and efficiency. A Special Master creates an orderly process to resolve requests for, or objections to, funding, thereby preventing the necessity for multiple individual lawsuits to be filed and adjudicated. *See, e.g., Minn. R. Civ. P. 1* (rules of civil procedure shall be administered to secure just, speedy, and inexpensive determination of every action); *Minn. R. Civ. P. 53.01* (authorizing appointment of special master). *See also 9C Wright & Miller, Federal Practice and Procedure: Civil* §§ 2602, 2602.1 (3rd ed. 2008) (discussing use of special master to facilitate effective and expeditious consideration of claims).

36. The Governor's Statewide Contingency Response Team decided to recommend that the only critical core functions of the Minnesota Zoological Gardens are feeding the animals, and keeping the animals, the exhibits, and the zoo property safe, secure, and healthy. The Court agrees with that determination and also would add that it is necessary to fund whatever staff is necessary to make sure that none of the animals can escape and become a danger to the public. The Court recognizes that this will cause significant harm to the zoo as the 4th of July weekend and the rest of the summer are the busiest times of the year. It further recognizes that this will significantly reduce the receipts of the zoo. Those concerns need to be recognized and resolved by actions of the executive and legislative branches, not by the judicial

branch. The operations of a zoo, even when in large part paid for by admission charges and other receipts, is a critical core function of government sufficient to overcome the requirements of Article XI.

37. The Minnesota Association of General Contractors takes the position that certain construction projects and activities of their members are core functions necessary for the government to continue to fund. This Association asserts the continued funding of all state construction contracts is an essential or critical government function due to the perilous economic condition of the State's construction industry and the general harm to citizens that suspension of design and construction contracts would cause. In its brief, the Association cites the Lafayette Bridge as an example of a critical core government function necessary to protect the life, health, and safety of its citizens. The Court agrees that any part of a contract which keeps the bridge from collapsing does constitute a critical core function that needs to be funded. It does not agree that replacement of the bridge constitute a critical core function necessary to protect the life, health, and safety of its citizens. A government shutdown may result in increased expenses for road projects that may be funded constitutionally in the future. The Court has no reason to disagree with the assertions of the Association that a government shutdown will significantly delay completion of present projects, increase costs and put numbers of employees out of work. The delay in construction and increased costs that will likely happen as a result of a government shutdown will be because of the executive and legislative branches failing to resolve the budget issues. Those things do not justify the Court in ordering the funding of non-critical core functions and thereby violating Article XI of the Minnesota Constitution.

38. Even though the State has promised to pay for certain projects such as road construction, that does not justify the court ordering payment under those contracts without a specific legislative appropriation. As stated in *County of Beltrami v. Marshall*, 135 N.W.2d 749 (Minn. 1965), “A legislative appropriation is always a prerequisite to state liability. The mere creation of a liability on the part of the state, or promise of the state to pay, if the statute may thus be construed, is of no force in the absence of an appropriation of funds from which the liability may be discharged.”

39. The court agrees with the position of the League of Minnesota Cities, the Coalition of Greater Minnesota Cities, and the City of St Paul regarding Local Government Aid legislation. These funds have already been lawfully appropriated and should be paid on schedule. This is also true regarding previously lawfully appropriated payments to School Districts.

CONCLUSIONS OF LAW

1. The Attorney General is authorized to commence an action in the courts of this State when she determines that the proceeding is in the interest of the State.
2. This Court has jurisdiction over this matter in accordance with Minnesota Statutes Chapter 484, and venue is proper in this Court pursuant to [Minnesota Statutes Section 542.01](#).
3. The Minnesota Constitution must be read as a whole and each provision interpreted in the context of the entire document and the provisions of the U.S. Constitution. Article XI, Section 1 of the Minnesota Constitution provides that “no money shall be paid out of the treasury of this state except in pursuance of an appropriation by law.” However, the Minnesota Constitution also provides that each of the five executive branch constitutional officers specified in Article V, namely, the Governor, Lieutenant Governor, Attorney General, Secretary of State, and State Auditor, have and perform certain core functions which are an inherent part of their offices. Article V, Section 1 “implicitly places a limitation on the power of the legislature” so that the core functions of the executive branch officers, and their performance of those functions, may not be abridged. *State ex. rel Mattson vs. Kiedrowski*, 391 N.W.2d 777, 782 (Minn. 1986). Failure to fund these independent core functions, even temporarily, nullifies these constitutional offices, which in turn contravenes the Minnesota Constitution. See [Minn. Const. art. III, § 1](#) (dividing the powers of government into three distinct departments); *Mattson*, 391 N.W.2d at 782 (holding that implicit limitation on legislative authority prevents abolishment “of the independent functions inherent in an executive office.”). See also *Clerk of Court's Compensation for*

Lyon County v. Lyon County Commissioners, 241 N.W.2d 781, 784 (Minn. 1976) (recognizing that “separation of powers becomes a myth,” if one branch of government could “effectively abolish” another).

4. The core functions of the executive branch arise from the state and federal constitutions, including the independent functions inherent in each executive office, *Mattson*, 391 N.W.2d at 782-83, as well as mandates of the federal government pursuant to the Supremacy Clause of the United States Constitution. All constitutional officers take an oath to support the constitutions of the United States and the State of Minnesota and to discharge faithfully the duties of their constitutional offices. Minn. Const, art. V, § 6. Core functions include matters relating to the life, health and safety of Minnesota citizens, the protection of rights of citizens under the Minnesota and United States Constitutions, and the maintenance and preservation of public property.

5. The State of Minnesota has entered into agreements with the United States government to participate in a variety of programs, including, for example, the Food Stamp Program, the Temporary Assistance to Needy Families Program, and the Medicaid Program. Under these agreements, continued participation in those programs is required once a State has agreed to participate. The Supremacy Clause of the [United States Constitution, Article VI, clause 2](#), mandates that any funds paid by the State as a result of participation in these federal programs must continue.

6. The Senate and House (Legislative Branch) must be funded sufficiently to allow them to carry out critical core functions necessary to draft, debate, publish, vote on and enact legislation.

ORDER

1. The Commissioner of the Department of Management and Budget, Jim Schowalter, shall timely issue checks and process such funds as necessary to pay for the performance of the critical core functions of government as set forth in this Order.

2. Hennepin and Ramsey Counties motion to intervene is denied as their position regarding pass-through of federal dollars is adequately represented by both the Attorney General and the Governor. The Court will continue to allow them to participate as amicus curiae.

3. Jenni Taylor's motion to intervene is denied as her position regarding pass-through of federal dollars is adequately represented by both the Attorney General and the Governor. The Court will continue to allow her to participate as amicus curiae.

4. SEIU Local 284 Kids First MN, Sharon Born, Terry Bicknell, and Rebecca Hall's motion to intervene is granted as their position regarding programs that are not funded as part of federal pass-through funding agreements is not adequately represented by other parties. The federal pass-through funds part of the Minnesota Child Care Assistance program is adequately represented by the petitions of the Attorney General and the Governor. The issue of whether non-federal “pass-through” programs constitute critical core functions of government requiring the Courts to order funding despite Article XI is to be dealt with by the Special Master appointed by the Court.

5. The Minnesota Horsemen's Benevolent and Protective Association's motion to intervene is granted as their position is not adequately represented by existing parties.

6. Minnesota Workforce Council Association's motion to intervene is denied as their position regarding pass-through of federal dollars is adequately represented by both the Attorney General and the Governor. The Court will continue to allow the Association to participate as amicus curiae.

7. Association of Residential Resources in Minnesota, Minnesota Development Achievement Center Association, and Minnesota Habilitation Coalition, Inc.'s motion to intervene are granted by agreement of the parties. The issue of whether non-federal "pass-through" programs constitute critical core functions of government requiring the Courts to order funding despite Article XI is to be dealt with by the Special Master appointed by the Court.

8. The motion of the League of Minnesota Cities, Coalition of Greater Minnesota Cities, and the City of St. Paul to intervene is granted because their position that critical government aid (LGA) funds have already been appropriated by action of the Legislature and approval by the Governor is not adequately represented by existing parties.

9. The motion of the Minnesota Zoological Garden to intervene is granted as their position is not adequately represented by existing parties.

10. The motion of Associated General Contractors of Minnesota to intervene is granted as their interests are not adequately represented by existing parties.

11. The Commissioner of the Department of Management and Budget is also authorized to make payments necessary to carry out the critical core functions of the executive and legislative branches consistent with Exhibit A and the findings of fact and conclusions of law contained in this order. He is also ordered to fund programs where funding is mandated by the Supremacy clause of the U.S. Government and make payments such as LGA payments that have already been lawfully appropriated.

12. Any requests to participate as amicus curiae not previously addressed in this order are granted.

13. The Honorable Kathleen Blatz, Retired Chief Justice of the Minnesota Supreme Court, is hereby appointed as Special Master to hear and make recommendations to the Court, as necessary, regarding any issue raised by Petitioner or others relating to the application of this Order. The fees and expenses of the Special Master shall be paid by the State of Minnesota, the Commissioner of the Department of Management and Budget. Expenses shall include the costs of whatever staff she deems necessary to fulfill her duties as a Special Master. Information regarding how to set up a hearing before the Special Master will be made available as soon as possible on the State Court and Second Judicial District websites

14. This Order shall be effective until the earliest of the following:

a. July 31, 2011, which may be extended by the Court;

b. The enactment of a budget by the State of Minnesota to fund all of the core functions of government after June 30, 2011; or

c. Further Order of this Court.

15. Petitioner shall serve by U.S. Mail a copy of this Order on the persons and entities who were served the Order to Show Cause dated June 15, 2011 and all other persons who have filed submissions in this proceeding.

16. Nothing in this order shall be construed as prohibiting the Commissioner of OMB from funding resources necessary to respond to an unforeseen emergency that would place the public or public property in immediate danger. The governor may obtain such funds on an emergency basis. If requested by a party, the need for continuation of such emergency funding will be reviewed by the Special Master.

Dated: 6-29-11

BY THE COURT:

<<signature>>

The Honorable Kathleen R. Gearin

Chief Judge

Ramsey County District Court

Appendix not available.

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