

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT
CASE TYPE: OTHER CIVIL

Court File No.: 62-CV-17-3601
Judge John H. Guthmann

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

Plaintiffs,

v.

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.

**AFFIDAVIT OF DEPUTY
COMMISSIONER ERIC
HALLSTROM**

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

ERIC HALLSTROM, being first duly sworn, deposes and states as follows:

1. My name is Eric Hallstrom. I am the Deputy Commissioner for the Minnesota Department of Management and Budget (“MMB”) and I have held this position since March 2015. As Deputy Commissioner, my responsibilities include oversight of MMB’s internal and enterprise activities, including those of the Budget, Accounting, and Debt Management Divisions. I also have responsibility for overseeing MMB’s continuity planning activities, which include preparing for and managing statewide shutdown operations in the event of a lapse in appropriations. As a result of these responsibilities, I am able to speak to the authenticity of the attached exhibits and have knowledge of the facts contained in this Affidavit.
2. Attached as Exhibit A is a document entitled “Recommended Statewide Objectives” that was submitted to the Ramsey County District Court in anticipation of the State government shutdown in 2011. With a few modifications, the Court agreed that the functions listed in Exhibit A

constituted critical core functions of the Executive branch, and ordered that these functions continue despite the absence of an appropriation.

3. In my capacity as Deputy Commissioner, I have access to records of MMB, which are public data, that concern the funds appropriated to the Senate and House of Representatives through June 30, 2017; the reserves held by the Senate and House from unspent prior years' appropriations; and the budgeted costs of operation for the Senate in Fiscal Years ("FY") 2016-17.
4. Historically, the Senate and House appropriations have been part of the Omnibus State Government Appropriations bill. For at least the last several biennia, the Senate and House have not submitted an itemized breakdown of their general fund appropriation request, but simply provide the lump sum to be appropriated to each of the bodies from the State's general fund. Neither body presented the itemized details underlying their operating budget to the Executive branch in the appropriations process during the 2017 regular or special legislative sessions. As a result, MMB is not generally in possession of the Legislature's budget details and the Legislature has not provided MMB with detail supporting its FY 2018-2019 budget.
5. Attached as Exhibit B is a document entitled, "Minnesota Senate Budget FY 2016-17" that was provided to MMB in connection with the financing of the construction of the new Senate Office Building.
6. Unlike the other branches of government, at the end of the biennium, the Legislature is authorized by Minnesota Statutes § 16A.281 to carry over any unspent general fund appropriations into an account, called a "carry forward" account, that can be used for future spending "to pay expenses associated with sessions, interim activities, public hearings, or other public outreach efforts and related activities".
7. Attached as Exhibit C are reports entitled "Allotments Within Appropriation Report" as of June 21, 2017, which show the amounts currently held in the carry forward account and the amounts

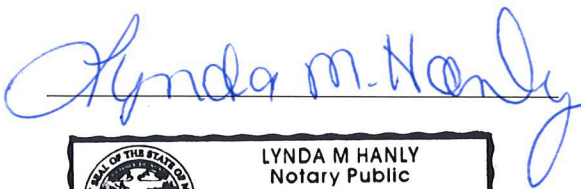
currently unspent from the general fund appropriation for FY 2017. The reports show the amounts in the "Senate Carryforward" account were \$2,931,270 and \$8,330,624 in the "House Carry Forward" account.

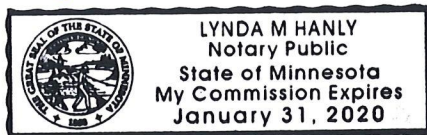
8. Any amounts from the FY 2017 general fund appropriations that are unspent will be carried over into the respective carry forward accounts. Exhibit C shows that as of June 21, 2017, the House had an unspent amount of \$4,858,908 in its FY 2017 general fund appropriation account, and the Senate had an unspent amount of \$5,063,366 in its FY 2017 general fund appropriation account. The House and Senate may make additional expenditures from their FY 2017 general fund appropriation accounts prior to July 1, 2017. For instance, it is anticipated that the Senate will use \$683,954 of its FY 2017 general fund appropriation to pay the June 2017 lease payment the Senate owes to the Minnesota Department of Administration for the Senate Office Building and parking garage.
9. MMB has the statutory duty to "keep the state's general account books according to generally accepted government accounting principles." Minn. Stat. § 16A.055, subd. 1(3). Attached as Exhibit D is a spreadsheet prepared from the data in MMB's accounting system that shows general fund expenditures by month for the Senate and House for FY2017, and the carry forward and FY2017 general fund balances as of June 21, 2017.

FURTHER YOUR AFFIANT SAITH NOT.


ERIC HALLSTROM

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





Hallstrom Exhibit A

Recommended Statewide Objectives 2011 Potential Minnesota Government Shutdown

**Prepared by the Statewide Contingency Response Team
Commissioner of MMB Jim Schowalter, Chair**

June 15, 2011

I. Planning Assumptions

- Agencies should plan to continue only priority one and two critical services;
- Agencies should plan minimal/necessary staffing levels for the priority one and two critical services.
- Agencies should include in their planning; personnel, resources (financial and others) and those support services that are both directly related to, and absolutely necessary to continue priority one and priority two critical services;

II. Statewide Priority Service Objectives

The State's Statewide Contingency Response Team (SCRT) has established five statewide objectives that must be met during a government shutdown. In order, they are:

- A. provision of basic custodial care for residents of state correctional facilities, regional treatment centers, nursing homes, veterans' homes, and residential academies and other state operated services;
- B. maintenance of public safety and immediate public health concerns;
- C. provision of benefit payments to individuals;
- D. preservation of the essential elements of the financial system of the government; and
- E. provision of *necessary* administrative and support services for the above goals.

III. Priority Service Definitions and Categories

In addition, the SCRT has established four statewide priority service definitions to meet the aforementioned objectives. All agencies must assign their services to the following four priority levels:

A. Priority 1 Critical Services (Immediate threat to public health and/or safety)

Services with critical/core activities that must remain uninterrupted. Generally, these would include agencies and facilities that operate 24-hours a day.



Categories:

- 1.0 Providing for security;
- 1.1 Medical care of inpatients and emergency outpatient care;
- 1.2 Activities essential to ensure continued public health and safety, including safe use of food, drugs, and hazardous materials;
- 1.3 Continuance of transportation safety functions and the protection of transport property;
- 1.4 Protection of lands, buildings, waterways, equipment and other property owned by the government;
- 1.5 Care of prisoners and other persons in the custody of government;
- 1.6 Law enforcement and criminal investigations;
- 1.7 Emergency and disaster response or assistance;
- 1.8 Activities that ensure the production of power and the maintenance of the power distribution system;
- 1.9 A process for maintaining communication with agency personnel and the SCRT
- 2.0 Support/Administrative services to support the Priority 1 Critical Service.

B. Priority 2 Critical Services

(Disorder or a severe, statewide economic impact may develop if not delivered in a few days)

Services with critical/core activities that have a recovery time of 25 hours to five days that can be disrupted temporarily or might be periodic in nature, but must be re-established within a few days.

Categories:

- 2.0 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 systems to support these activities;
- 2.1 Contract performance where a suspension or termination could be regarded a material default, and that could result in substantial money damages against the state, and there is no dependency on substantial support from state resources that are not funded ("substantial" means something more than merely cutting a check for payment, but rather entail the need for continued full time activity on the part of three or more full time employees);
- 2.2 Activities having a severe and permanent negative financial impact to business or vulnerable populations or groups of individuals within Minnesota.
- 2.3 Support/Administrative services to support the Priority 2 Critical Service.

C. Priority 3 Critical Services

(Services required by law or rule that can be suspended by law or rule during an emergency)

Activities with a recovery time objective of six days to 30 days that can be disrupted temporarily but must be re-established sometime before the emergency or disruptive event is over (<6 weeks).

D. Priority 4 Critical Services

(Services that could be suspended during an emergency and are not required by law or rule)

Activities with a recovery time objective of 30+ days which can be deferred for the duration of a long-term event (6-8 weeks).

Hallstrom Exhibit B

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