

Attorney General's Office

FY 2024-25 Biennial Budget Change Item

Change Item Title: One-time Operating Adjustment

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	\$9.971	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	\$9.971	0	0	0
FTEs	0	0	0	0

Request:

The Office of the Attorney General respectfully requests a one-time operating adjustment of \$ 9.971 million in FY 2024.

Rationale/Background: Over the past three decades, there has been a dramatic lack of investment in the Office of the Minnesota Attorney General. When adjusting for inflation, the base funding for the AGO has been in decline for decades. In fact, the FY 2024-25 base funding is only 65% of what it was 30 years ago, in FY 1994-95.

Biennium	Base Funding for AGO (not adjusted for inflation)	Base Funding for AGO (adjusted for inflation)
FY 1994-95	\$39.980 million	\$80.395 million
FY 2004-05	\$45.118 million	\$71.179 million
FY 2014-15	\$42.142 million	\$53.050 million
FY 2024-25	\$52.376 million	\$66.685 million

And yet, in that time, Minnesota's population has grown. Society has become more complex and more litigious. The challenges Minnesotans face in affording their lives and living with dignity, safety, and respect are more daunting by the day. We must close the gap between those challenges and the resources of the Attorney General's Office to help Minnesotans meet them. It is not possible to do the work of the people of Minnesota today with only 65% of the resources the AGO had 30 years ago.

The Attorney General's Office, facing years of disinvestment plus historic levels of current inflation, requests a one-time operating adjustment funding for long overdue investments in our physical office infrastructure, crucial modern technology, internal safety and security, and funds to facilitate the ability to join large-scale, multi-state litigation efforts such as opioid and antitrust efforts, that present sometimes prohibitive up-front costs but are enormously beneficial to Minnesotans due to the potential to result in multi-million dollar outcomes. The AGO is no longer able to absorb these significant costs nor provide makeshift fixes. Strategic investments are needed to adapt and adjust our Office's budget to continue to rebuild the Office into a top-functioning, 21st century public law office are necessary to best serve all of Minnesota.

PHYSICAL OFFICE INFRASTRUCTURE

One of the top priorities of the AGO is to attract and retain top talent to serve the public. Our unique public law office and mission attracts top talent – however our office space- first leased in 1994, nearly 30 years ago, must be improved to create a professional and supporting environment where employees will choose to stay. An updated, functional, renovated office, with modern technology and security, are critical in achieving this goal. Given the competitive job market and the move of the vast majority of legal workplaces to mixed, hybrid work environments, it is imperative to update and modernize to meet the needs of workers today and into the future.

Office Renovation Expenses

The AGO seeks one-time funding for office updates and renovations. The lease for the downtown Saint Paul office space that houses the vast majority of the staff of the Attorney General’s Office is set to expire in January 2023. Because this was known well in advance, administrative and executive staff began a comprehensive process in 2019 to assess the current and future space needs of the Office, and then issued a Request for Proposals through the Department of Administration. After reviewing bids, executive staff determined that the most cost-effective way to meet the current and anticipated needs of the Office is to update and renovate our present space and replace aging furniture that is no longer operational. Additionally, in the current political climate, government buildings face many real, targeted threats including bombings, sabotage, unlawful entries, threats of violence against personnel, and theft. The safety of staff and visitors, as well as the security of important government and legal documents, are of paramount importance. For this reason, updating and improving physical security systems is an imperative operational requirement.

MODERNIZED TECHNOLOGY

Hybrid Work Technology

Given the shift to hybrid work, the AGO requests one-time funding to deploy hybrid work technology. This includes enhancements to virtual court appearance spaces, conference rooms, and other collaboration spaces where attendees appear in person and remotely. This request will also allow the AGO to replace outdated hardware such as desktop computers with laptops. Finally, this request includes new applications to communicate and collaborate remotely, locate and communicate with employees during emergency situations, and connect employees with the appropriate workspace based on the type of work they are performing at a given time. Additionally, the newly created Shared Services Division will modernize the office, create efficiencies, and allow us to better track assets and convert physical documents to electronic copies, reducing document storage space and expenses in the office. One-time funding is needed for equipment to facilitate hybrid work, but no additional FTEs are being requested. Current staff will be reorganized to create greater efficiencies.

Cloud Modernization, eDiscovery & Cybersecurity Technology

The AGO requests additional one-time funding to support critical litigation technology resources necessary in modern litigation for a public law office.

This request includes improving the resilience of the AGO's technology by shifting from aging on-premises, custom-built applications to modern cloud-based services and infrastructure. As the AGO's client agencies and the state and federal judicial branch continue to enhance their electronic data management initiatives, the AGO must make additional investments in cybersecurity and infrastructure redundancy to increase efficiency and reduce the risk of cyberattacks and IT service disruptions. Improved network connectivity and bandwidth are also necessary to support increased cloud-based applications.

This also includes expansion of the AGO's eDiscovery tools – used to securely store and review large terabytes of data the AGO maintains when representing client agencies or bringing consumer protection litigation. The AGO has resisted passing these data hosting costs on to client agencies, but the data volumes and related costs continue to expand rapidly. Complex litigation matters often span multiple years, requiring large volumes of data to be hosted and searchable for long periods of time. This request will also allow the AGO to invest in additional data analysis tools commonly used in antitrust, wage theft, and other consumer protection investigations.

AGO Law Library Modernization

The AGO seeks one-time funding to modernize our existing law library. To efficiently use our space, the AGO law library will have a significantly smaller footprint. This will require further investment in digital research tools. Additionally, for the remaining print collection, the library currently lacks an inventory system that prevents users from walking off with expensive library items or historical documents. Funding will provide an inventory tracking system, a self-checkout stand, and library security technology consistent with other government and county libraries.

LARGE/ COMPLEX CONSUMER LITIGATION MULTISTATE FUND

The AGO seeks one-time funding for the creation and initial funding of a revolving litigation expense account. The State regularly litigates in complex consumer protection actions in Minnesota and around the country to protect the rights of Minnesota consumers. This litigation, which includes consumer fraud/deceptive trade practices cases, antitrust cases, wage theft cases, false claims matters, and other complex civil litigation, requires budgeting for litigation costs, document review platforms, expert witnesses, and other items. These complex cases and at times joining efforts with other states are of great benefit to Minnesotans. The AGO regularly brings in tens of millions of dollars of recoveries to the State, which are deposited under statute into the general fund. The AGO is proposing legislation to amend the statute to create a revolving fund from its recoveries in consumer protection cases where a small percentage of those recoveries will be used to fund on-going litigation in same or similar matters, in essence, renewing the initial funding provided in this request.

Proposal:

The Office of the Minnesota Attorney General respectfully request one-time operating adjustment funding in the amount of:

- Office Renovation Expenses of \$5,500,000
- Hybrid Work Technology and Equipment \$520,526
- Cloud Modernization, eDiscovery & Cybersecurity Technology \$2,800,000
- AGO Law Library Modernization costs of \$150,000
- Large/ Complex Consumer Litigation Multistate Fund cost of \$1,000,000

These one-time funding strategic investments will help the AGO continue to rebuild into a top-functioning 21st century public law office.

Statutory Change(s):

The office will seek to amend section 16A.151 to advance the creation of the Large/Complex Consumer Litigation Multistate Fund. At present, section 16A.151 requires the Attorney General's office to put recoveries in the general fund unless they are paid as restitution.