

## Partial Government Shutdown Court Ordered Expenditures

Unable to reach agreement on several major appropriation bills, Minnesota experienced a partial government shutdown at the beginning of fiscal year 2005. Prior to July 1, 2005, Ramsey district court ordered that certain essential state services be continued and directed the Commissioner of Finance to pay for these services in the absence of enacted state appropriations.

In total, 22 agencies continued to operate under the court order and recommendations of an appointed special master. The court order provided for an initial period of authorization that extended from July 1 through July 23, 2005.

The legislature passed and the Governor signed an interim "lights-on" funding bill on July 8, 2005. This action provided interim appropriations that restored all affected state services until final appropriation bills were passed. Consequently, court-ordered spending effectively was limited to the period July 1 through July 8.

This summary identifies how much was spent under the court-ordered authorities in two parts – amounts authorized and amounts actually spent.

1. Part One identifies appropriations amounts authorized as temporary budgets for agencies for the three-week initial duration of the court order. Based on court-ordered mandated services and programs, \$569,623,962 of interim appropriation authorities was established as the estimated cost. Of this total, \$300,000,000 was established for the July 15 General Education aid payment for which open appropriation authority also exists.
2. Part Two identifies actual spending that occurred during the period, which was substantially less than the total authorized amount - \$35,815,044
  - a. Few actual payments were made by agencies. Actual payments made during July 1 – July 8 totaled \$996,247. The entire amount was paid out in a single area. Transit assistance grants paid by the Department of Transportation totaled \$996,247.
  - b. Contracts, purchase orders and other *obligations* for goods and services that were created during July 1-8 equaled \$29,984,706. These were the amounts that were "encumbered" by agencies to be paid at a later date.
  - c. Estimated compensation for state workers deemed essential under the court order totaled \$4,834,090. This is the preliminary estimate of salary liability for hours worked during the period July 1 through July 8.

The estimated compensation liability is based on actual hours worked. It does not include non-productive hours (e.g. vacation) not funded by the court order - nor does it include insurance costs since the insurance liability would have existed even in the absence of court-ordered spending authority.