



July 17, 2009

Dear Legislative Advisory Commission Members:

Thank you for meeting with administration officials at the Legislative Advisory Commission (LAC) hearing on June 30, 2009 to further discuss the unallotment plan to balance the FY 2010-11 budget.

Agencies are currently preparing allotment reduction plans for their operations. As noted in the summary table below, the remaining reduction required is \$23.4 million for the biennium.

**Summary of Unallotments and Administrative Actions**

(\$ in Millions)

	<b>FY 2010-11</b>
<b>Administrative Actions</b>	\$ 210.7
<b>K-12 Payment Deferrals</b>	1,771.0
<b>Unallotments:</b>	
Local aids & credits	300.0
Health & human services	210.2
Higher education	100.0
Other refunds and payments	61.0
Remaining reduction	<u>23.4</u>
<b>Total</b>	<b>\$ 2,676.3</b>

To achieve this reduction, we plan to do the following:

- Reduce most agency operating budgets by 2.25 percent for the biennium. As stated previously, areas exempted from these reductions include public safety, corrections, military and veterans affairs, State Operated Services and the Minnesota Sex Offender Program within the Department of Human Services. This generates savings of \$19.5 million for the biennium.
- Reduce a portion of the special timing account established by the Laws of 2009, Chapter 88 (\$3.9 million). This is funding reserved that will not be spent in the 2010-11 biennium.

Attached to this letter, please find reduction amounts by agency. Additional detail on specific appropriation accounts will be transmitted after agency allotment reductions are complete.

Sincerely,

A handwritten signature in black ink that reads "Tom J. Hanson".

Tom J. Hanson  
Commissioner

# Remaining Unallotments

	<u>FY 2010</u>	<u>FY 2011</u>	<u>Total</u>
Administration	\$ (262,000)	\$ (200,000)	\$ (462,000)
Agriculture	(492,640)	(492,640)	(985,280)
Commerce	(247,000)	(247,000)	(494,000)
Education Dept	(445,000)	(497,400)	(942,400)
Employment and Economic Dev.	(285,000)	(285,000)	(570,000)
Governors Office	(80,775)	(80,775)	(161,550)
Health Dept	(527,000)	(525,000)	(1,052,000)
Historical Society	(167,750)	(167,750)	(335,500)
Human Rights Dept	(79,290)	(79,290)	(158,580)
Human Services Dept	(3,289,000)	(3,282,000)	(6,571,000)
Labor and Industry	(19,800)	(19,800)	(39,600)
Mediation Services Bureau	(16,000)	(16,000)	(32,000)
Metropolitan Council	(1,711,000)	(1,711,000)	(3,422,000)
Minnesota Housing Finance	(256,000)	(256,000)	(512,000)
Minnesota Management & Budget	(459,000)	(459,000)	(918,000)
Natural Resources Dept	(1,475,000)	(1,475,000)	(2,950,000)
Office of Enterprise Technology	(129,555)	(129,555)	(259,110)
Office of Higher Education	(77,000)	(77,000)	(154,000)
Pollution Control Agency	(110,000)	(99,000)	(209,000)
Revenue Dept	(924,479)	(949,932)	(1,874,411)
Transportation Dept	(23,558)	(23,558)	(47,116)
Subtotal	\$ (11,076,847)	\$ (11,072,700)	\$ (22,149,547)
FFP Loss - Human Services Dept.	1,315,600	1,312,800	2,628,400
Net Impact Agency Operating	\$ (9,761,247)	\$ (9,759,900)	\$ (19,521,147)
Portion of Special Timing Acct.	-	(3,870,051)	(3,870,051)
<b>Total</b>	<b>\$ (9,761,247)</b>	<b>\$ (13,629,951)</b>	<b>\$ (23,391,198)</b>