

Historical Use of Unallotment

<http://www.leg.mn/webcontent/lrl/issues/Unallotment/historicaluseofunallotment.pdf>

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1980 – June 2009

Over the last four decades, unallotment authority has been used six times (through June 2009).

Twice by Governor Quie:

- \$195 million in August 1980
- Local government aid payments were unallotted in November and December 1981 and were reallocated and paid by February 26, 1982

Once by Governor Perpich – \$109 million in April 1986

Three times by Governor Pawlenty:

- \$278 million in February 2003 (In addition, the Legislature agreed to \$2.6 million in voluntary reductions)
- \$269 million in December 2008 (In addition, the Legislature agreed to \$2.2 million in voluntary reductions)
- \$2.68 billion proposed in June 2009

There have been press references to *four* instances of unallotment prior to Governor Pawlenty's proposed 2009 unallotment. Of the five instances prior to 2009, only four truly resulted in a budget reduction, because the second time Al Quie used unallotment powers the money was reallocated. For the most exhaustive description of unallotment, see Peter Wattson's document, "[Legislative History of Unallotment Power.](#)"

Instances before 1980

We have not been able to identify instances before 1980. It is possible that minor unallotments were made to various funds, but that the action generated no media coverage or political discussion.

When I asked former Governor Quie if he knew of any other governors who had used unallotment, he responded, "I doubt it." During his administration, he explained, "I changed the rules. Each month we would announce the revenues and expenditures. We needed to be more transparent. We felt people could handle it intellectually and emotionally." Did he work with others on the plan? "No, I did it on my own. My staff said I could do it, legally. I wanted to save Republican legislators from the pain of making the cuts or raising taxes." (Phone conversation, 6/3/2009)

Long time reporter at the Star Tribune, Lori Sturdevant, did not know of any instances. She said it was unlikely, noting that the 1970s were a time of generally rising budgets and rising revenues. There were



chronic shortfalls in the 1950s, but she didn't think that Governor Freeman used it.

It is difficult to prove a negative, but these resources were checked.

- People with long institutional memories are sure there were no instances in the 1970s. Joel Michael , House Research Department, Peter Wattson, Secretary of the Senate, and Wy Spano, author of Minnesota government textbooks, do not remember any additional instances in their tenures.
- News articles written at the time of the previous unallotments did not mention any instances before Al Quie.
- The *Biennial Report of the State Auditor* is a very detailed document, but none of the editions from 1939-40 to 1969-70 included references to unallotment in their very detailed indexes. But that is not proof of no unallotments.
- The *Report of the Public Examiner on the Revenues, Expenditures, and Debt of State and Local Governments in Minnesota* (annual). 1939/40-1969/1970. (HJ11.M63x) These reports give detailed figures on all of the revenues and expenditures for the year preceding and an overview of the previous ten years. There were no references to unallotment in the general overviews, or state overviews, in any of these editions, but that can't be taken as proof there were no unallotments. The overviews don't necessarily reflect how appropriations and forecasted spending matched incoming revenue. There is no discussion of legislative or gubernatorial budget-related activities.
- An interesting paper about Governor Freeman explained his budget activities, with no mention of unallotment: "Governor Freeman and the Minnesota Budget," a paper by Thomas Flinn (published by the Inter-University Case Program, #60, Published by the ICP by the University of Alabama Press, 1961). In 1955, "The financial picture proved more serious than Freeman had imagined. State expenditures had more than doubled since the end of World War II, going from \$385,000,000 in the 1943-45 biennium to more than \$800,000,000 in the 1953-1955 biennium. Revenues had kept pace for a few years, but then had been outdistanced. The Legislature had solved the problem by making up the deficit with surpluses accumulated during or immediately after World War II, but by 1955 surpluses were either gone or going rapidly, and a crisis was at hand." (p. 5) By the end of the 1955 session, which included days of House and Senate negotiations with a covered clock, a compromise budget plan was reached. Governor Freeman was reelected and did not need unallotment in those two years. The article ends with, "Revenues in the two years following the 1955 session were higher than had been estimated." (p. 35) JK6153.B8 F55 1961
- Financing Public Services in Minnesota. League of Women Voters, 1966. Chapter IV, "State Fiscal Procedures," doesn't even mention unallotment as a budget-balancing tool. HJ2053.M6 F56
- No clues in *Financial Data Affecting the 1945-47 Budget State of Minnesota: An Analysis of State Fiscal operations 1934-1945*. (Minnesota Institute of Governmental Research, 1945 HJ2053.M6 F556 1945). *Financial Data and Other Factual Information of the State of Minnesota Affecting 1943-45 Budget* (Minnesota Institute of Governmental Research, 1943 HJ2053.M6 F554 1943)
- Emails to policy analysts at the Minnesota Department of Management and Budget were sent,



with no response.

