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HOUSE FILE No. 2690

FIRST COMMITTEE ENGROSSMENT

February 4, 2010

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The bill was read for the first time and referred to the Committee on Finance

Referred by Chair to State Government Finance Division.

March 18, 2010

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to state government; requiring reductions in executive agency
1.3 appropriations include proportionate reductions in expenditures on contracts;
1.4 providing requirements during periods of projected deficits; eliminating certain
1.5 executive branch positions; amending Minnesota Statutes 2008, section 16A.152,
1.6 subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 16A.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2008, section 16A.152, subdivision 4, is amended to
1.9 read:

1.10 Subd. 4. **Reduction.** (a) If the commissioner determines that probable receipts
1.11 for the general fund will be less than anticipated, and that the amount available for the
1.12 remainder of the biennium will be less than needed, the commissioner shall, with the
1.13 approval of the governor, and after consulting the Legislative Advisory Commission,
1.14 reduce the amount in the budget reserve account as needed to balance expenditures with
1.15 revenue.

1.16 (b) An additional deficit shall, with the approval of the governor, and after consulting
1.17 the legislative advisory commission, be made up by reducing unexpended allotments of
1.18 any prior appropriation or transfer. Notwithstanding any other law to the contrary, the
1.19 commissioner is empowered to defer or suspend prior statutorily created obligations
1.20 which would prevent effecting such reductions. If the commissioner reduces unexpended
1.21 allotments of general fund appropriations to an executive branch state agency, the agency
1.22 head must determine the amount of this reduction in allotments as a percentage of the
1.23 original general fund appropriation to the agency, and in implementing the reduction in
1.24 allotments the agency must reduce its general fund expenditures on contracts with outside
1.25 vendors by at least that percentage. To the extent possible, the reduction in expenditures

2.1 on contracts required by this section must be applied to contracts for which the work
2.2 would be performed outside of Minnesota.

2.3 (c) If the commissioner determines that probable receipts for any other fund,
2.4 appropriation, or item will be less than anticipated, and that the amount available for the
2.5 remainder of the term of the appropriation or for any allotment period will be less than
2.6 needed, the commissioner shall notify the agency concerned and then reduce the amount
2.7 allotted or to be allotted so as to prevent a deficit.

2.8 (d) In reducing allotments, the commissioner may consider other sources of revenue
2.9 available to recipients of state appropriations and may apply allotment reductions based
2.10 on all sources of revenue available.

2.11 (e) In like manner, the commissioner shall reduce allotments to an agency by the
2.12 amount of any saving that can be made over previous spending plans through a reduction
2.13 in prices or other cause.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.15 and applies to reductions in allotments made on or after that date.

2.16 **Sec. 2. [16A.1524] PROPORTIONAL REDUCTIONS IN CONTRACTS.**

2.17 If a law reduces the amount of a general fund appropriation to an executive agency,
2.18 the agency head must determine the amount of this reduction as a percentage of the
2.19 original general fund appropriation to the agency, and the agency must reduce its general
2.20 fund expenditures on contracts with outside vendors by at least that percentage, unless
2.21 otherwise provided by the law making the reduction in the general fund appropriation.
2.22 To the extent possible, the reduction in expenditures on contracts required by this section
2.23 must be applied to contracts for which the work would be performed outside of Minnesota.

2.24 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.25 and applies to reductions in allotments made on or after that date.

2.26 **Sec. 3. [16A.1525] REQUIREMENTS DURING PROJECTED DEFICITS.**

2.27 This section applies when the commissioner determines that general fund revenue
2.28 will be less than needed to meet general fund expenditures for the remainder of the
2.29 biennium and that the amount in the budget reserve account is not sufficient to meet the
2.30 projected deficit. When this section applies:

2.31 (1) an executive agency appointing authority may not authorize state-paid employee
2.32 travel unless the travel is essential to carry out the agency's statutory mission or is
2.33 necessary for state emergency preparedness or response; and

3.1 (2) the governor must ensure that the aggregate number of full-time equivalent
3.2 positions designated as managerial in all executive branch state agencies is not increased
3.3 during the period of the projected deficit, unless authorized by law enacted after the
3.4 deficit is projected.

3.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.6 Sec. 4. **PROFESSIONAL AND TECHNICAL CONTRACTS.**

3.7 Subdivision 1. **Reduction.** By July 1, 2010, the commissioner of management and
3.8 budget shall allocate a reduction of \$4,000,000 among the general fund appropriations
3.9 for fiscal year 2011 to executive branch state agencies, as defined in Minnesota Statutes,
3.10 section 16A.011, subdivision 12a. To the extent possible, without hiring permanent staff
3.11 replacements, this reduction must be achieved through reductions in expenditures for
3.12 professional and technical contracts, as defined in Minnesota Statutes, section 16C.08,
3.13 subdivision 1, and in particular on contracts for which work would be performed outside
3.14 of Minnesota. Executive branch state agencies shall cooperate with the commissioner in
3.15 developing and implementing the reductions. Any reductions that cannot be achieved
3.16 through savings in professional and technical contracts must be allocated proportionally
3.17 across executive branch state agency operating budgets. For purposes of defining the base
3.18 under Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), \$4,000,000 each
3.19 year must be allocated as a permanent reduction to state agency base appropriations for
3.20 fiscal years 2012 and 2013. The reductions must be allocated in proportion to the fiscal
3.21 year 2011 reduction. For purposes of this subdivision, "executive branch state agency"
3.22 does not include the Minnesota State Colleges and Universities. By January 15, 2011, the
3.23 commissioner of management and budget shall report to the chairs and ranking minority
3.24 members of the legislative committees with jurisdiction over finance regarding the amount
3.25 of the reductions in professional and technical contract spending by each agency.

3.26 Subd. 2. **Exception.** If subdivision 1 is enacted into law, Minnesota Statutes,
3.27 section 16A.1524, does not apply to appropriations reductions enacted during the 2010
3.28 regular legislative session.

3.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.30 Sec. 5. **ELIMINATION OF POSITIONS.**

3.31 Subdivision 1. **Deputy and assistant commissioners.** The governor must eliminate
3.32 25 percent of the positions titled "deputy commissioner" or "assistant commissioner" in
3.33 executive branch state agencies.

4.1 Subd. 2. **Positions eliminated.** The following positions are eliminated: one deputy
4.2 chief of staff to the governor; director of government relations, governor's office; director
4.3 of legislative and cabinet affairs, governor's office; one position of senior policy advisor
4.4 to the governor, governor's office; two positions of policy advisor to the governor,
4.5 governor's office; charter school liaison, Department of Education; communications
4.6 director, Department of Education; director of legislative affairs and strategic planning,
4.7 Department of Public Safety.