

Fiscal Note – 2011-12 Session

Bill #: H0545-0 **Complete Date:** 05/03/11

Chief Author: DOWNEY, KEITH

Title: FEDERAL INSOLVENCY CONTINGENCY PLAN

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Minnesota Management & Budget

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY11	FY12	FY13	FY14	FY15
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY11	FY12	FY13	FY14	FY15
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill amends Minnesota Statutes 16A.10 to include the requirement for federal insolvency contingency planning for agencies receiving federal funds as part of the biennial budget presentation. The planning requires an analysis of the implications to the agency if the federal government becomes insolvent or dramatically reduces federal payments. The analysis must:

1. Identify risks to the agency;
2. Estimate the impact of risks in terms of revenue loss and state services;
3. Recommend strategies to adjust to the loss of income or service impact;
4. Recommend a plan for monitoring of leading indicators of the federal government's inability to meet obligations that result in actions by the agency; and
5. Recommend specific steps to be taken by the agency.

Assumptions

Minnesota Management and Budget (MMB) would collect this information through a narrative template in the budget system. While time and effort would be required to develop the template and instructions to agencies and review agency plans for insolvency contingency planning, it is assumed that existing MMB staff would complete this work as part of their existing responsibilities related to the biennial budget production.

A select group of agencies receiving federal funds were consulted with to determine agency costs in developing the insolvency contingency plans. Agency costs would be incurred, and depending on the scope and complexity of their federal programs, ranged from minimal to significant staff efforts to complete the plans.

State agency estimates ranged from minimal time up to 120 hours of multiple staff time to complete the contingency plan.

Due to the interactions with state statutes and federal regulations, agencies also indicated the need for federal agency assistance in developing the plans.

33 agencies included federal funds in the 2012-2013 biennial budget.

Expenditure and/or Revenue Formula

MMB would not incur additional costs to implement this legislation.

Due to the unique funding levels and programmatic structures of federal funds at the various state agencies receiving federal funds, state agency costs could not be quantified for this fiscal note.

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

Agency Contact Name: Michelle Weber 651-201-8007
FN Coord Signature: DENNIS MUNKWITZ
Date: 05/03/11 Phone: 651-201-8004

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KATHARINE BARONDEAU
Date: 05/03/11 Phone: 651-201-8026