

Joint Legislative Agencies
And
Legislative Commissions
Budget Proposal for
FY 2012 and 2013

March 17, 2011

History of appropriations to the Legislature

	FY 02 and 03 approp		FY 04 and 05 approp		FY 06 and 07 approp		FY 08 and 09 approp		FY 10 & 11 approp		FY 12 & 13 approp	
General fund	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Governor's rec FY 12 FY 13	
House	27,035,000	27,505,000	25,993,000	25,993,000	24,177,000	27,790,000	32,686,000	30,794,000	29,940,000	29,341,000	27,874,000	27,874,000
Senate	23,021,000	20,327,000	19,319,000	19,319,000	17,965,000	20,654,000	25,820,000	22,967,000	22,269,000	21,824,000	20,733,000	20,733,000
LCC	15,570,000	13,985,000	12,888,000	12,888,000	12,002,000	13,470,000	16,010,000	15,924,000	15,203,000	15,090,000	14,335,000	14,335,000
Total	<u>65,626,000</u>	<u>61,817,000</u>	<u>58,200,000</u>	<u>58,200,000</u>	<u>54,144,000</u>	<u>61,914,000</u>	<u>74,516,000</u>	<u>69,685,000</u>	<u>67,412,000</u>	<u>66,255,000</u>	<u>62,942,000</u>	<u>62,942,000</u>
Health care access	150,000	150,000	128,000	128,000	128,000	128,000	178,000	178,000	178,000	178,000	178,000	178,000

Legislative Commissions and Joint Agencies

Staffing levels

1/31/2011

	Complement	<u>Permanent staff</u>						Planning estimate 1/2011	<u>Temporary staff</u>		
		6/2003	7/2003	9/2006	2/2009	10/2009	2/2010		2/2009	2/2010	1/2011
Legislative Coordinating Commission	12.75	12.75	11.25	8.00	8.00	8.00	8.00	8.00	1.00	0.50	1.50
Legislative Pensions Commission	3.5	3.50	3.50	3.50	3.50	3.50	3.50	3.50	0	0	0
Legislative-Citizens Commission on Mn Resources	5	5.00	4.00	4.00	5.00	5.00	5.00	5.00	0	0	0
Lessard-Sams Outdoor Heritage Council	3	N/A	N/A	N/A	N/A	2.00	3.00	3.00	N/A	0	0
Revisor of Statutes	53	48.50	48.50	45.50	47.25	45.25	46.25	46.25	4.50	4.50	5.00
Office of the Legislative Auditor	79	63.00	63.00	56.00	57.00	62.00	59.80	60.00		4.50	4.00
Legislative Reference Library	18	16.00	14.50	13.00	14.50	14.50	14.50	13.50	1.00	1.00	1.00
Total	174.25	148.75	144.75	130.00	135.25	140.25	140.05	139.25	6.50	10.50	11.50

Joint Legislative Offices
FY 12-13 Biennial Budget

Commission/Agency	FY10 expenditures	FY11 appropriation	FY 12 proposed -5%	FY 13 proposed -5%
General Fund				
Revisor of Statutes	5,576,000	5,544,000	5,266,000	5,266,000
Legislative Auditor and Commission	5,749,000	5,716,000	5,430,000	5,430,000
Legislative Reference Library	1,359,000	1,351,000	1,283,000	1,283,000
Pensions Commission	502,000	499,000	474,000	474,000
LCC-General Operations	790,000	786,000	747,000	747,000
LCC-Other appropriations/Fiscal agent	402,000	400,000	380,000	380,000
LCC Employee Relations Subcommittee	95,000	94,000	89,000	89,000
Great Lakes Commission	69,000	69,000	66,000	66,000
Mississippi River Pkwy Commission	66,000	66,000	63,000	63,000
Legislative television	569,000	565,000	537,000	537,000
Joint Agencies:Total-General Fund	15,203,000	15,090,000	14,335,000	14,335,000
Health Care Access Fund				
Health Care Access Commission	178,000	178,000	178,000	178,000
Environmental Trust Fund				
Legislative-Citizen Commission on MN Resources	615,000	639,000	591,000	591,000
Legacy amendment: LCC Accountability Web Site				
Outdoor Heritage Fund	10,000		10,000	
Clean Water Fund	25,000		11,000	
Parks and Trails Fund	15,000		5,000	
Arts and Cultural Heritage Fund	20,000		6,000	
Env Trust Fund			3,000	
Legacy amendment: Lessard-Sams Outdoor Heritage				
Outdoor Heritage Fund:	458,000	600,000	471,000	471,000
LCC: live streaming captioning				
Telecommunications Access Minnesota Fund	100,000	100,000		

Office of Revisor of Statutes

	FY 09 expenditures	FY 10 expenditures	FY 11 appropriation	FY 12 proposed -5%	FY 13 proposed -5%
General Fund					
FULL TIME	4,008,081	4,004,517	4,177,000	3,934,000	3,984,000
PART-TIME, SEASONAL, LABOR SER	228,527	201,041	227,000	249,600	219,600
OTHER BENEFITS	13,979	32,575	64,000	60,000	40,000
SPACE RENTAL, MAINT, & UTILITY	48,678	49,789	54,000	55,300	56,600
REPAIRS, ALTERATIONS, & MAINT	9,141	6,906	10,000	9,500	9,500
PRINTING AND ADVERTISING	509,083	160,523	400,000	340,300	339,000
PROF/TECH SERVICES OUTSIDE VEN	11,415	9,030	56,000	53,200	53,200
IT PROF/TECH SERVICES OUTSIDE		11,413			
COMPUTER & SYSTEMS SERVICES	333,938	230,098	305,000	323,400	323,400
COMMUNICATIONS	24,562	22,805	23,000	23,000	23,000
TRAVEL & SUBSISTANCE -INSTATE	410	42	500	500	500
TRAVEL & SUBSISTANCE -OUTSTATE	1,948		3,000	1,500	1,500
SUPPLIES	58,642	38,163	45,000	45,000	45,000
EQUIPMENT	219,994	80,116	171,000	162,500	162,500
EMPLOYEE DEVELOPMENT	9,955	6,579	7,500	7,000	7,000
OTHER OPERATING COSTS	731	804	1,000	1,000	1,000
TOTAL	5,479,083	4,854,401	5,544,000	5,266,000	5,266,000

ORS carryforward

OTHER BENEFITS				50,000	
REPAIRS, ALTERATIONS, & MAINT			15,000		
PRINTING AND ADVERTISING		7,034	15,000		
PROF/TECH SERVICES OUTSIDE VEN	132,000		187,500		
IT PROF/TECH SERVICES O/S VENDOR		137,500		122,482	115,000
COMPUTER & SYSTEMS SERVICES	26,511	20,149	80,000		
TRAVEL & SUBSISTANCE -INSTATE			1,000		
TRAVEL & SUBSISTANCE -OUTSTATE			5,000		
SUPPLIES			15,000		
EQUIPMENT	72,977		196,453	25,000	25,000
EMPLOYEE DEVELOPMENT		5,824	40,000	10,000	10,000
OTHER OPERATING COSTS					
TOTAL	231,488	170,506	554,953	207,482	150,000

Balance carried forward

357,482

Office of the Legislative Auditor

	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated	FY 2012 Proposed -5%	FY 2013 Proposed -5%
OLA Expenses						
General Appropriation Expenses						
Salaries and Benefits	\$5,108,493	\$5,475,027	\$5,349,954	\$4,873,117	\$4,852,368	\$4,852,368
Unemployment and Workers Comp	\$15,831	\$6,998	\$2,624	\$6,500	\$6,500	\$6,500
Rent and Storage	\$214,813	\$225,492	\$257,993	\$268,842	\$268,842	\$268,842
Repairs and Maintenance	\$8,063	\$14,454	\$6,126	\$10,500	\$10,500	\$10,500
Printing	\$18,816	\$19,255	\$13,225	\$17,000	\$17,000	\$17,000
Consultants	\$10,178	\$13,278	\$40,786	\$30,000	\$0	\$0
Computer and Systems Services	\$96,791	\$106,777	\$66,739	\$88,020	\$65,840	\$65,840
Communication	\$28,863	\$43,127	\$34,884	\$34,550	\$33,800	\$33,800
In-State Staff Travel	\$56,472	\$56,440	\$64,486	\$50,900	\$48,800	\$48,800
Out-of-State Staff Travel	\$3,947	\$3,561	\$0	\$336	\$0	\$0
General Operating Supplies	\$40,809	\$40,088	\$21,467	\$37,300	\$33,300	\$33,300
Capital Equipment	\$0	\$40,317	\$0	\$0	\$0	\$0
Training & Memberships	\$83,873	\$68,546	\$66,188	\$92,100	\$91,700	\$91,700
Purchased Services and Department Head	\$887	\$3,109	\$1,574	\$2,300	\$1,550	\$1,550
Total General Appropriation Expenses	\$5,687,836	\$6,116,470	\$5,926,046	\$5,511,465	\$5,430,200	\$5,430,200
Carryforward Expenses						
Salaries and Benefits	\$0	\$0	\$3,153	\$133,529	\$218,318	\$295,791
Repairs and Maintenance	\$0	\$930	\$0	\$0	\$0	\$0
Consultants	\$0	\$0	\$4,694	\$9,281	\$0	\$0
Computer and Systems Services	\$0	\$32,966	\$18,662	\$0	\$0	\$0
General Operating Supplies	\$0	\$909	\$7,335	\$0	\$0	\$0
Capital Equipment	\$35,106	\$137,881	\$8,937	\$75,000	\$0	\$0
Total General Appropriation Expenses	\$35,106	\$172,686	\$42,781	\$217,810	\$218,318	\$295,791
Total OLA Expenses	\$5,722,942	\$6,289,156	\$5,968,827	\$5,729,275	\$5,648,518	\$5,725,991
Sources of Funding						
General Fund Appropriation/Request: Base	\$5,719,000	\$5,720,000	\$5,833,000	\$5,833,000	\$5,716,000	\$5,716,000
Appropriation Reduction/Unallotment		(\$72,000)	(\$84,000)	(\$117,000)	(\$285,800)	(\$285,800)
General Fund Appropriation/Request					\$5,430,000	\$5,430,000
MnSCU Contract	\$220,000	\$220,000	\$223,522			
Transfer from LCC	\$200,000	\$381,000				
Balance Forward In		\$451,164		\$46,476		
Balance Forward Out	(\$451,164)	(\$583,695)	(\$46,476)	(\$251,011)		
Use of Carryforward Account	\$35,106	\$172,687	\$42,781	\$217,810	\$218,318	\$295,791
Total Funding	\$5,722,942	\$6,289,156	\$5,968,827	\$5,729,275	\$5,648,518	\$5,725,991
Analysis of Carryforward Account						
Beginning Carryforward Account Balance	\$207,796	\$172,690	\$583,698	\$540,917	\$525,118	\$306,800
Transfer in from General Fund Appropriation		\$583,695		\$251,011		
Appropriation Reduction/Unallotment				(\$49,000)		
Use of Carryforward Account	(\$35,106)	(\$172,687)	(\$42,781)	(\$217,810)	(\$218,318)	(\$295,791)
Ending Carryforward Account Balance	\$172,690	\$583,698	\$540,917	\$525,118	\$306,800	\$11,009

Legislative Reference Library

	FY 09	FY 10	FY 11	FY 12	FY 13
	expenditures	expenditures	appropriations	proposed	proposed
				-5%	-5%
FULL TIME	1,102,840	1,103,271	1,130,850	1,057,084	1,046,989
PART-TIME, SEASONAL, LABOR SER	130,969	125,424	100,332	100,332	100,332
OTHER BENEFITS		15,346			
REPAIRS, ALTERATIONS, & MAINT	9,313	3,572	4,818	4,484	4,484
PRINTING AND ADVERTISING	3,067		1,400		200
COMPUTER & SYSTEMS SERVICES		226			
COMMUNICATIONS	5,790	4,921	6,000	3,327	3,327
TRAVEL & SUBSISTANCE -INSTATE	252	38	500	400	400
TRAVEL & SUBSISTANCE -OUTSTATE	1,183		0		
SUPPLIES	116,876	74,432	83,500	89,911	93,206
EQUIPMENT	32,403		10,000	10,000	10,000
EMPLOYEE DEVELOPMENT	970	1,211	600	500	500
OTHER OPERATING COSTS	31,681	7,340	13,000	17,412	24,012
EXPENSE BUDGET ORGN L5FR TOTAL	1,435,344	1,335,781	1,351,000	1,283,000	1,283,000

Legislative Commission on Pensions and Retirement

	FY 09 expenditures	FY 10 expenditures	FY 11 budget	FY 12 proposed 5%	FY 13 proposed -5%
FULL TIME	335,376	332,645	340,713	370,600	376,000
PART-TIME, SEASONAL, LABOR SER	29,494	30,595	30,010		
OTHER BENEFITS	4,654	2,939	3,000	3,000	3,000
REPAIRS, ALTERATIONS, & MAINT	962	1,230	1,200	1,200	1,200
PRINTING AND ADVERTISING					
PROF/TECH SERVICES OUTSIDE VEN		98,000	117,777	90,000	85,000
COMPUTER & SYSTEMS SERVICES		110			
COMMUNICATIONS	1,108	1,285	1,700	1,700	1,700
TRAVEL & SUBSISTANCE -INSTATE	2,948	3,202	3,000	4,000	3,500
SUPPLIES	1,084	1,768	1,600	3,550	3,650
EQUIPMENT					
EXPENSE BUDGET ORGN L008 TOTAL	375,625	471,774	499,000	474,000	474,000

Legislative Coordinating Commission

	FY 09	FY 10	FY 11	FY12	FY13
	expenditures	expenditures	appropriation	proposed	proposed
				-5%	-5%
General Fund					
FULL TIME	705,633	668,108	695,000	699,700	700,316
PART-TIME, SEASONAL, LABOR SER	26,103	18,251	50,000	15,109	15,109
OTHER BENEFITS (per diems)	14,847	2,103	1,000	2,000	2,000
SPACE RENTAL, MAINT, & UTILITY		233	1,000	250	250
REPAIRS, ALTERATIONS, & MAINT	1,183	2,564	1,000	1,000	1,000
PRINTING AND ADVERTISING	449	1	200	200	200
PROF/TECH SERVICES OUTSIDE VEN	13,146		13,300	7,000	7,000
COMPUTER & SYSTEMS SERVICES	3,424	9,313	11,000	7,500	7,500
COMMUNICATIONS	4,953	4,481	5,000	4,000	4,000
TRAVEL & SUBSISTANCE -INSTATE	892	2,185	1,000	2,000	2,000
TRAVEL & SUBSISTANCE -OUTSTATE	2,745				
SUPPLIES	3,803	1,525	3,000	1,500	1,500
EQUIPMENT	18,158	4,160		4,500	4,500
EMPLOYEE DEVELOPMENT	5,431	150	4,500	2,000	2,000
OTHER OPERATING COSTS	615	1,430			
EXPENSE BUDGET ORGN L012 TOTAL	801,382	714,503	786,000	747,000	747,000
Carryforward					
FULL TIME			36,703	39,000	48,000
PART-TIME, SEASONAL, LABOR SER			2,500		
OTHER BENEFITS				35,000	70,000
REPAIRS, ALTERATIONS, & MAINT					
PROF/TECH SERVICES OUTSIDE VEN			10,000	8,000	8,000
COMPUTER & SYSTEMS SERVICES	4,600	11,083	45,000		
TRAVEL & SUBSISTANCE -INSTATE	492			10,000	10,000
SUPPLIES & EQUIPMENT	20	226	80,000	26,000	26,000
EMPLOYEE DEVELOPMENT					
OTHER OPERATING COST: & DUES			266,000	10,000	10,000
Total	5,112	11,309	440,203	128,000	172,000
Balance carried forward			356,000		56,000

LCC-Other

	FY 09 expenditures	FY 10 expenditures	FY 11 final budget	FY 12 proposed -5%	FY 13 proposed -5%
SIGN LANGUAGE INTERPRETERS	14,594	2,375	17,000	5,000	14,000
NCSL DUES	173,621	181,476	188,708	188,708	188,708
CSG DUES	129,899	135,095	140,499	140,499	140,499
REGENT CANDIDATE ADVISORY COU	11,310	1,981	13,000	3,500	14,000
MNSCU BD OF TRUSTEES CANDIDAT	310	9,832	1,000	13,000	2,000
LEGIS COMMISSION ON PLANNING &	2,588	5,063	4,000	3,000	3,000
LCC CONTINGENCY	25,536	15,827	23,793	18,293	9,793
INDIRECT COSTS TO DEPT OF FINANC	5,133	6,977	12,000	8,000	8,000
PENSE BUDGET ORGN L001 TOTAL	362,992	358,627	400,000	380,000	380,000

LCC Subcommittee on Employee Relations

	FY 09 expenditures	FY 10 expenditures	FY 11 appropriation	FY 12 proposed -5%	FY 13 proposed -5%
FULL TIME	89,536	91,634	90,283	86,000	86,000
PART-TIME, SEASONAL, LABOR SER					
OTHER BENEFITS	2,010	1,282	2,000	2,000	2,000
REPAIRS, ALTERATIONS, & MAINT					
COMPUTER AND SYSTEM SERVICES		55	200	200	200
COMMUNICATIONS	530	521	67	100	100
TRAVEL & SUBSISTANCE -INSTATE	576	425	800	1,000	1,000
SUPPLIES	5	81	150	-	-
EQUIPMENT			500	-	-
EXPENSE BUDGET ORGN L013 TOTAL	92,656	93,998	94,000	89,000	89,000

Great Lakes Commission

	FY 09 expenditures	FY 10 expenditures	FY 11 budget	FY 12 proposed -5%	FY 13 proposed -5%
OTHER BENEFITS	462	330		500	500
TRAVEL & SUBSISTANCE -INSTATE	180		1,000	500	500
TRAVEL & SUBSISTANCE -OUTSTATE	11,766	3,168	8,000	4,550	4,550
OTHER OPERATING COSTS (Natl dues)	60,000	60,000	60,000	60,000	60,000
EXPENSE BUDGET ORGN L010 TOTAL	72,408	63,498	69,000	66,000	66,000

Mississippi River Parkway Commission

	FY 09 expenditures	FY 10 expenditures	FY 11 budget	FY 12 proposed -5%	FY 13 proposed -5%
OTHER BENEFITS	2,713	4,058	4,500	4,200	4,200
SPACE RENTAL, MAINT, & UTILITY	704	69	600	600	600
PRINTING AND ADVERTISING	1,300	343	500	500	500
PROF/TECH SERVICES OUTSIDE VEN	27,608	25,548	29,500	29,300	28,900
COMMUNICATIONS	3,855	3,313	1,700	1,700	1,700
TRAVEL & SUBSISTANCE -INSTATE	5,969	9,112	6,500	6,500	6,500
TRAVEL & SUBSISTANCE -OUTSTATE	4,843	2,527	7,000	5,000	5,000
SUPPLIES	117	182	300	300	300
EQUIPMENT		109	400		
EMPLOYEE DEVELOPMENT	13	225			
OTHER OPERATING COSTS (Natl dues)	20,478	9,741	15,000	15,000	15,000
Expense budget closing					
EXPENSE BUDGET ORGN L5LM TOTAL	67,601	55,228	66,000	63,000	63,000

12-13 biennial budget

Legislative TV

	FY 09 expenditures	FY 10 expenditures	FY 11 appropriation	FY 12 proposed -5%	FY 13 proposed -5%
PRINTING & ADVERTISING		122			
PROF/TECH SERVICES -CAPTIONING				83,600	83,600
PROF/TECH SERVICES: Broadcast	616,511	451,369	565,000	453,150	453,150
COMMUNICATIONS					
EXPENSE BUDGET CLOSING					
	616,511	451,491	565,000	537,000	537,000

Health Care Access Commission

	FY 09	FY 10	FY 11	FY 12	FY 13
	expenditures	expenditures	appropriations	proposed	proposed
OTHER BENEFITS	462	408	10,000	10,000	10,000
TRAVEL & SUBSISTANCE -INSTATE	309	171	10,000	10,000	10,000
AGENCY PROVIDED PROF/TECH SERV	177,229		158,000	158,000	158,000
EXPENSE BUDGET ORGN L5DC TOTAL		177,421			
EXPENSE BUDGET ORGN L5DC TOTAL	178,000	178,000	178,000	178,000	178,000

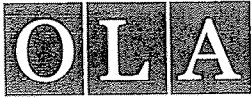
12-13 biennial budget

**Legislative-Citizen Commission on
Minnesota Resources**

	FY 09 expenditures	FY 10 expenditures	FY 11 budget	FY 12 proposed -6%	FY 13 proposed -6%
FULL TIME	433,311	448,772	449,030	450,000	450,000
PART-TIME, SEASONAL, LABOR SER	3,668	2,538	7,500	7,500	7,500
OTHER BENEFITS	19,987	28,029	33,000	31,200	31,200
SPACE RENTAL, MAINT, & UTILITY			1,000	1,000	1,000
REPAIRS, ALTERATIONS, & MAINT	630	872	1,500	1,500	1,500
PRINTING AND ADVERTISING	9,703	2,544	5,000	2,500	2,500
PROF/TECH SERVICES OUTSIDE VEN	1,551	1,308	35,000	25,000	25,000
COMPUTER & SYSTEMS SERVICES	40	140	500	1,000	1,000
COMMUNICATIONS	1,526	1,571	6,500	3,000	3,000
TRAVEL & SUBSISTANCE -INSTATE	30,220	35,518	42,500	37,300	37,300
TRAVEL & SUBSISTANCE -OUTSTATE	34		3,500	3,000	3,000
SUPPLIES	3,785	3,513	2,000	3,000	3,000
EQUIPMENT	7,101	3,090	10,000	7,000	7,000
EMPLOYEE DEVELOPMENT	5,470	3,269	3,000	3,000	3,000
OTHER OPERATING COSTS	719	1,052	38,970	15,000	15,000
AGENCY PROVIDED PROF/TECH SERV		938			
TOTAL	517,744	533,155	639,000	591,000	591,000


Lessard-Sams Outdoor Heritage Council

	FY 10 expenditures	FY 11 budget	FY 12 proposed	FY 13 proposed
FULL TIME	254,321	275,000	228,000	228,000
PART-TIME, SEASONAL, LABOR SER	168	16,000	7,900	7,900
OTHER BENEFITS	10,410	16,000	92,300	92,300
SPACE RENTAL, MAINT, & UTILITY	918	2,000	2,000	2,000
REPAIRS, ALTERATIONS, & MAINT	454	10,000	5,300	5,300
PRINTING AND ADVERTISING	6,058	8,000	4,700	4,700
PROF/TECH SERVICES OUTSIDE VEN	5,780	45,000	90,000	90,000
COMPUTER & SYSTEMS SERVICES	562	12,000		
COMMUNICATIONS	2,077	6,000	3,700	3,700
TRAVEL & SUBSISTANCE -INSTATE	36,580	40,000	30,800	30,800
TRAVEL & SUBSISTANCE -OUTSTATE				
SUPPLIES	5,840	30,000	6,300	6,300
EQUIPMENT	24,072			
EMPLOYEE DEVELOPMENT		10,000		
OTHER OPERATING COSTS	872	5,000		
STATEWIDE INDIRECT COSTS				
ATTORNEY GENERAL COSTS	1,374			
AGENCY PROVIDED PROF/TECH SERV	109,011	125,000		
EXPENSE BUDGET CLOSING				
TOTAL	458,497	600,000	471,000	471,000



Date: March 10, 2011

To: Legislative Audit Commission
House State Government Finance Committee
Senate State Government Innovation and Veterans Committee

From: Jim Nobles, Legislative Auditor 

Subject: Financial Audit Challenges and Proposed Solutions

I propose two changes in state law to help the Office of the Legislative Auditor (OLA) address challenges in our financial audit schedule. This memorandum presents the proposed changes.

Auditing the State Fair

Current law requires OLA to annually audit the financial statements of the State Agricultural Society (State Fair). We request that requirement be changed so that the Society could obtain an annual audit of its financial statements from a private audit firm. OLA would retain the authority to, on an “as needed basis,” build on that audit work with a more in-depth control and compliance audit.

Our proposal is consistent with the approach we have established with several other organizations under OLA’s jurisdiction (e.g., Metropolitan Airports Commission, Minnesota Housing Finance Agency, and Minnesota Historical Society). It is also the approach we have implemented this year with the Metropolitan Mosquito Control District (unlike with the State Fair, current law related to the Mosquito Control District gives us the discretion to take that action).

We believe allowing these organizations to obtain an audit of their financial statements from a private firm, while retaining the Legislative Auditor’s authority to examine them on an “as needed basis,” allows for a more strategic deployment of OLA’s financial audit staff. Our proposal for a change in the law relative to the State Agricultural Society (State Fair) is attached.

Auditing Legacy Amendment Funds and MnSCU Campuses

Our proposed solution to funding Legacy audits and MnSCU campus audits is similar, but the challenges arise from different circumstances and will, therefore, be discussed separately.

Legacy Audits. OLA has a responsibility to audit the four funds created by the Legacy Amendment to the Minnesota Constitution. In fact, legislation passed in 2009 requires OLA to audit expenditures from the Outdoor Heritage Fund every two years. Although not required, OLA plans to audit expenditures from the other three Legacy funds on a biennial basis as well.

Rather than provide OLA with an additional appropriation to fund Legacy audits, last year the Legislature authorized OLA to use money saved from our high levels of staff turnover in the previous biennium. *Minnesota Statutes* 2010, 16A.281, allows the House, Senate, and offices in the legislative branch to carry forward unexpended money from one biennium to the next. However, the statute restricts OLA's use of the money to certain nonrecurring expenditures, such as certain information and computer systems. To broaden OLA's authority to use carry forward money, the Legislature enacted *Laws of Minnesota* 2010, chapter 361, art. 3, sec. 8, which says:

USE OF CARRYFORWARD. The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried forward from one biennium to another shall not apply to money the legislative auditor carried forward from the previous biennium for use in fiscal years 2010 and 2011. The legislative auditor may use the carry forward money for costs related to the conduct of audits related to funds authorized in the Minnesota Constitution, Article XI, section 15.

We propose that this section of law be amended to allow OLA to continue to use carry forward money to fund our Legacy audits in the next biennium. This will allow us to support these high priority audits without an increase to our budget. As will be discussed below, we also request authority to use carry forward money to support our audits of MnSCU campuses.

MnSCU Campus Audits. For the past decade, OLA has audited six to seven MnSCU colleges every year under a contract with MnSCU. In fiscal year 2010, the contract resulted in a \$223,000 payment from MnSCU to OLA. We decided not to renew our audit contract with MnSCU. The contract has always targeted OLA audits exclusively at MnSCU's smaller colleges, and MnSCU officials were unwilling to refocus the contract on larger state universities where we think there are significant control and compliance risks.

MnSCU campuses engage in a wide range of complex financial activities, and past OLA audits have uncovered a significant number of control weaknesses and legal compliance concerns. Therefore, we think MnSCU campuses—big and small—should continue to be periodically subject to the kind of in-depth control and compliance audits that OLA conducts. The loss of contract revenue from MnSCU could significantly reduce OLA's ability to conduct those audits unless it can be replaced from another source. Yet, given state government's budget crisis, we think it would be inappropriate to request an increase in our appropriation to replace the revenue we lost by not renewing a contract with MnSCU for audit services. We think the best resolution to this challenge is to again ask that the Legislature authorize OLA to use carry forward money to support our audits of MnSCU campuses.

Language for amendments that would accomplish OLA's proposal for funding Legacy audits and MnSCU campus audits are attached.

Attachments

State of Minnesota
Office of the Legislative Auditor

Proposed change in law concerning audits of the State Agricultural Society (State Fair)

Minnesota Statutes 2010 is amended to read:

Minnesota Statutes 2010, 37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by an independent auditor, either a private auditor or the legislative auditor. If the audit is conducted by the legislative auditor, the ~~The~~ cost of the examination must be paid by the society to the state and credited to the general fund.

A summary of this examination, certified by the ~~legislative~~ auditor, must be appended to the secretary's report, along with the ~~legislative~~ auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

State of Minnesota
Office of the Legislative Auditor

Proposed change in law concerning the use of carry forward money.

Laws of Minnesota 2010, Chapter 361, Article 3, Section 8, is amended to read:

Sec. 8. USE OF CARRYFORWARD. The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried forward from one biennium to another shall not apply to money the legislative auditor carried forward from the previous biennium for use in fiscal years 2010~~2~~ and 2011~~3~~. The legislative auditor may use the carry forward money for costs related to the conduct of audits related to funds authorized in the Minnesota Constitution, Article XI, section 15 and audits related to the institutions, offices, and functions of Minnesota state colleges and universities.

Office of the Revisor of Statutes
Impact of 5% Budget Reduction

Background

Revisor's Office Base Budget:

FY '03 Appropriation	\$ 6,535,000
FY '10-11 (per year)	<u>\$ 5,544,000</u>
	\$ 991,000
	(- 15.2% from '03 high)

Staffing:

Complement:	53.00 Permanent, 9 Temporary (4.5 FTE)
Filled in 2010:	46.25 Permanent, 9 Temporary (4.5 FTE)
Permanent Staff Vacancies:	12.7%

Increased Productivity and Efficiency

- Computer system implemented in 2006 increased productivity
- Enabled in-house composition for book publication
- Costs of publication reduced by a variety of methods
- Increased electronic workflow
- Fewer permanent staff do more work – such as in-house composition and attorney indexing
- During session, rely heavily on temporary staff
- Have tried to maintain level of service to legislature and public

Additional 5% Reduction

Budget Impact:

Current Annual Base:	\$ 5,544,000
Reduced Base:	<u>\$ 5,266,000</u>
	\$ 278,000
(Would result in 19.4% reduction from '03, of \$ 1,269,000)	

Reduce Program Line Items 5% Overall (\$53,000)

- A. Reduce publication line by 15% (\$60,000) due to lower press runs, in-house composition, and other efficiencies
- B. Offsets other small increases:
 - Lease of space for computer staff through 10/13, contract has 2.4% annual increases
 - Software maintenance agreements for XTEND expected to rise 6% over biennium
- C. Reduce IT consulting by 5%
 - Long-term goal to support new system with in-house programmer staff
 - Pattern of programmer turnover due to competition from private and public sectors
 - Carryforward funds needed in FY 09 and 10 for outside programmer assistance, anticipated to continue
- D. Reduce equipment line item by 5%
 - Eliminates contingency funding for equipment failures
 - Carryforward needed for contingencies and large purchases

Reduce Payroll Line Items by 5% (\$225,000)

- A. Impact on Staff
 - Hold one attorney position vacant, bringing permanent vacancies to 14.6%
 - Additional base savings from retirements or other turnover
 - Reduce temporary staff as necessary to meet budget
 - Carryforward funds may be needed for sick leave/severance if many staff retire in 2013
- B. Impact on Services
 - Will again endeavor to maintain most services
 - Congratulatory resolutions may need to be reduced or eliminated during session
 - Reduction by one drafting attorney expected to result in longer turn-around time for documents
 - Impact will be strongest at peak times for bill-drafting, at committee deadlines, and at end of session