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➡ Designates that this item is a change item



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

January 27, 2009

To the 2009 Legislature:

Enclosed is the FY 2010-11 Budget for the Office of Governor Tim Pawlenty, totaling \$6.968 million in General Funds and \$780 thousand in Special Revenue Funds.

The General Fund amount reflects a decrease of \$360,000, or 5.1% compared to the last biennium. The proposed budget reduction will be achieved through savings in staff salaries and operating expenses. General Fund dollars will be used to support Governor Pawlenty and his staff in providing information to the public and the Legislature, developing biennial budgets, public policy development and other official duties.

The Special Revenue Fund, contributed by fourteen state agencies, funds the Federal Affairs Office in Washington, D.C. As the only voice for state government in our nation's capital, this office's core responsibilities are working with the Congressional delegation and federal agencies to address federal legislation, regulations, and state mandates; advocating, monitoring and reporting on federal activities that impact the State of Minnesota, providing access to federal grant opportunities, and assisting Minnesotans overall.

If you have any questions, please feel free to call me at 651-296-0059.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Kramer", with a long, sweeping underline.

Matt Kramer
Chief of Staff

Agency Purpose

As chief executive, the governor oversees all operations of state government and takes the lead in shaping public policy and representing the interests of Minnesotans to the legislature.

Core Functions

The Governor's Office is organized to effectively administer the duties of the chief executive. Major duties of the governor are to:

- ◆ oversee and provide leadership for the day-to-day operations of state government, with emphasis on quality service delivery and state agency responsiveness to Minnesota citizens;
- ◆ appoint state department heads, people to state boards and commissions, and judges for all court systems when vacancies occur;
- ◆ chair the State Executive Council, the State Board of Investment, the Land Exchange Board, and the Board of Pardons;
- ◆ serve as Commander-in-Chief of the Minnesota National Guard, and oversee emergency responses;
- ◆ issue extradition papers, proclamations, and writs of special elections;
- ◆ prepare and establish advisory committees to aid in developing legislative proposals and plans for executive action;
- ◆ inform the legislature of the general condition of the state, review, veto, or sign into law legislation and rules, and call special sessions of the legislature when needed;
- ◆ develop the biennial budget and present it to the legislature;
- ◆ promote business development and help create new jobs with assistance and advice from legislators and business leaders;
- ◆ represent the citizens of the state at various functions at local, state, national, and international levels; and
- ◆ perform all other duties as specified by the laws of the state.

The lieutenant governor's chief duty is to assist the governor in carrying out the functions of the executive branch. The lieutenant government serves as an extension of the governor, represents the governor, and is prepared to act in the governor's place in the event of the governor's absence or disability. The lieutenant governor is a key member of the governor's cabinet and is involved in major policy and budget decisions.

Part of the lieutenant governor's official duties include:

- ◆ chairing the Capitol Area Architectural Planning Board (CAAPB); and
- ◆ serving as a member of the State Executive Council.

Operations

The Governor's Office is organized by program areas overseen by the chief of staff. These include: Legislative and Cabinet Affairs, Communications, Citizen Outreach, Operations, Appointments and the Governor's Residence.

At A Glance

The governor and lieutenant governor, along with their staff:

- ◆ Report to and represent over 5.2 million citizens of Minnesota
- ◆ Manage 24 cabinet-level executive departments and 59 non-cabinet level, executive branch agencies that are comprised of over 48,000 state employees (see <http://www.departmentresults.state.mn.us/>)
- ◆ Are responsible for the implementation of state laws.
- ◆ Develop a state budget of over \$56 billion every two years
- ◆ Consult with 201 state legislators during annual legislative sessions
- ◆ Appoint 1,300 citizens to 145 boards and commissions
- ◆ Appoint judges to the state's ten judicial districts, the Court of Appeals, and the Supreme Court
- ◆ Respond to more than 100,000 citizen calls and contacts, conduct hundreds of media interviews, attend scores of meetings, and travel thousands of miles to promote the state of Minnesota.

Budget

The office is funded through a direct appropriation from the general fund. Because state agencies have an interest in maintaining and supporting the functions of the Washington, D.C. office, the Governor's Office has agreements with 14 agencies who share in the costs of staffing and operating the D.C. office.

Contact

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World Wide Web Home Page: www.governor.state.mn.us.

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
General					
Current Appropriation	3,679	3,664	3,664	3,664	7,328
Recommended	3,679	3,664	3,484	3,484	6,968
Change		0	(180)	(180)	(360)
% Biennial Change from 2008-09					-5.1%
<u>Expenditures by Fund</u>					
Carry Forward					
Miscellaneous Special Revenue	27	173	0	0	0
Direct Appropriations					
General	3,542	3,801	3,484	3,484	6,968
Statutory Appropriations					
Miscellaneous Special Revenue	381	383	390	390	780
Total	3,950	4,357	3,874	3,874	7,748
<u>Expenditures by Category</u>					
Total Compensation	3,184	3,351	3,135	3,134	6,269
Other Operating Expenses	766	1,006	739	740	1,479
Total	3,950	4,357	3,874	3,874	7,748
<u>Expenditures by Program</u>					
Governors Office	3,950	4,357	3,874	3,874	7,748
Total	3,950	4,357	3,874	3,874	7,748
Full-Time Equivalentents (FTE)	38.7	38.7	38.1	38.1	

<i>Dollars in Thousands</i>				
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
<i>Fund: GENERAL</i>				
FY 2009 Appropriations	3,664	3,664	3,664	7,328
Technical Adjustments				
Current Law Base Change		37	37	74
Subtotal - Forecast Base	3,664	3,701	3,701	7,402
Change Items				
In Lieu of Rent Allocation	0	(32)	(32)	(64)
Operating Budget Reduction	0	(185)	(185)	(370)
Total Governor's Recommendations	3,664	3,484	3,484	6,968
<i>Fund: MISCELLANEOUS SPECIAL REVENUE</i>				
Planned Statutory Spending	556	390	390	780
Total Governor's Recommendations	556	390	390	780

GOVERNORS OFFICE

Change Item: Operating Budget Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(185)	\$(185)	\$(185)	\$(185)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(185)	\$(185)	\$(185)	\$(185)

Recommendation

The Governor recommends reductions of \$185,000 in FY 2010 and \$185,000 in FY 2011 to the general fund operating budget for the Governor's Office. These reductions are necessary to balance budgets in these funds. They are in addition to the \$32 thousand reduction in the Governor's Office budget each year to offset the *in lieu of rent* appropriation to the Department of Administration.

Background

The proposed budget reduction will be achieved through savings in salaries and operating expenses. Funding for the FY 2010-11 biennium will be used to focus on providing support for Governor Pawlenty and providing information to the public and the Legislature, developing biennial budgets, public policy development, and other official duties.

Relationship to Base Budget

This proposal represents a 5% reduction from the agency's forecast base and is consistent with the recommendations for other constitutional officers and the legislature.

Statutory Change: Not Applicable

GOVERNORS OFFICE

Change Item: In Lieu of Rent Allocation

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(32)	\$(32)	\$(32)	\$(32)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(32)	\$(32)	\$(32)	\$(32)

Recommendation

The Governor recommends a \$32,000 reduction in FY 2010 and \$32,000 in FY 2011 to offset an increase in the *in lieu of rent* appropriation to the Department of Administration. Allocating offsets to tenant agencies' budgets ensures that the cost of maintaining the space is borne by the agencies that benefit from the service.

Background

The *in lieu of rent* amount is appropriated to the Department of Administration each year from the general fund to pay for plant management costs associated with the office space in the State Office Building, the Capitol Building, the Governor's Residence, and in other ceremonial and statutorily free space. The plant management costs include salaries and benefits for plant management workers, repairs and maintenance, supplies, utilities, depreciation, and bond interest. Other executive branch agencies pay a lease rate to the Department of Administration based upon the cost of maintaining the space per square foot for similar services. While other agencies' lease rates have increased over time, there has been no comparable increase to the *in lieu of rent* appropriation since 2004.

In order to provide a \$500,000 increase to the Department of Administration each fiscal year for *in lieu of rent*, and to minimize fiscal impact to the general fund, offset amounts were allocated to the Legislature, the Historical Society, and the Governor's office. Allocations were made based upon the amount of square footage occupied by each governmental unit. In addition, two-thirds of the cost of the ceremonial space was allocated to the Legislature and one-third was allocated to the Governor's office.

Please refer to the Governor's recommendation in the Department of Administration's budget for more detailed information about this change item.

Relationship to Base Budget

This proposal represents a base level reduction of less than 1% to the biennial general fund forecast base budget \$7.402 million. When added to the recommended operating reduction, the total recommended general fund reduction is \$434,000 or 5.9% of the forecast base.

Statutory Change: Not Applicable

Dollars in Thousands

	Actual FY2008	Budgeted FY2009	Governor's Recomm.		Biennium 2010-11
			FY2010	FY2011	
<i>Non Dedicated Revenue:</i>					
Total Non-Dedicated Receipts	0	0	0	0	0
<i>Dedicated Receipts:</i>					
Total Receipts and Transfers in from Agencies*	381	383	390	390	780
Total Dedicated Receipts	381	383	390	390	780
Agency Total Revenue	381	383	390	390	780

*The Governor's Office staffs a Federal Affairs Office in Washington, D.C. that advocates at the federal level on behalf of state agencies. Fourteen of the agencies benefitting from the Washington, DC office contribute funds for its operations. Agencies pay either through transfers or direct contributions. The payment source at each agency may be different and may vary over time.