

Table of Contents

Governor's Office

<i>Agency Profile</i>	1
Agency Expenditure Overview	3
Agency Financing by Fund	4
Agency Change Summary	6
<u>Change Item(s)</u>	7
<i>Operating Adjustment</i>	7
<u>Additional Documents</u>	9
<i>Federal Funds Summary</i>	9

<https://mn.gov/governor/>

AT A GLANCE

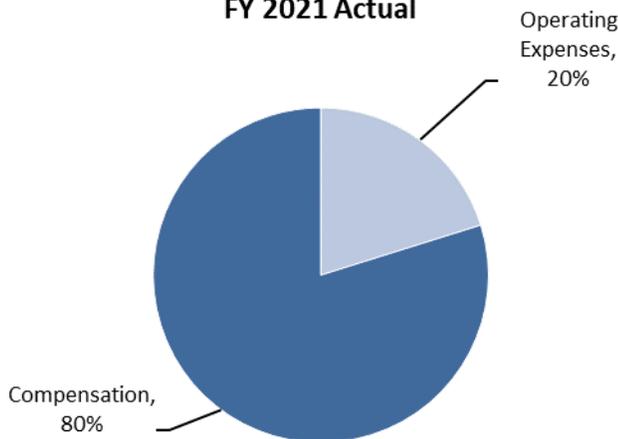
- Serve more than 5.7 million people in Minnesota
- Deliver services with a balanced state budget
- Direct and oversee executive branch agencies
- Respond to more than 125,000 calls and contacts annually
- Appoint agency heads and judges
- Appoint 1,700 Minnesotans to serve on about 140 boards and commissions
- Oversee state-wide emergency response to the COVID-19 pandemic and natural disasters

PURPOSE

The Office of the Governor and Lieutenant Governor represents all Minnesotans. The priority of the Governor's Office is to ensure that Minnesota is the best state in the country for children to grow up in - those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes. Office goals include enhancing the state workforce, supporting children and families, supporting housing stability, improving access to affordable health care, helping rural communities thrive with border-to-border high-speed internet and a thriving agricultural sector, and transforming criminal justice, and improving and protecting our natural resources all while advancing equity and inclusion and ensuring fiscal accountability and measurable results.

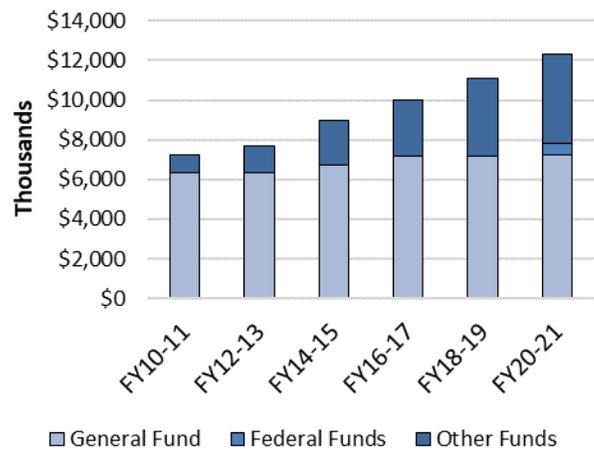
BUDGET

**Spending by Category
FY 2021 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The office is funded through a general fund appropriation, receipts in the special revenue fund from agency contributions, and federal coronavirus state and local fiscal recovery fund. The majority of the Governor's Office budget is focused on personnel and associated costs. Its operating expenses include general overhead such as rent, centralized IT services, and supplies, as well as dues to the National Governor's Association, Lieutenant Governor's Association, and Midwestern Governor's Association.

STRATEGIES

The office is organized to advance the goals and priorities of the Governor and Lieutenant Governor and to administer the duties of the chief executive. Major duties of the Governor include:

- Appointing agency heads, members of state boards and commissions, and judges to the state's ten judicial districts, the Court of Appeals, and the Supreme Court when vacancies occur. The Governor appoints approximately 1,700 citizens to about 140 boards and commissions.
- Chairing the State Executive Council, the State Board of Investment, the Land Exchange Board, and the Board of Pardons.
- Serving as Commander-in-Chief of the Minnesota National Guard and overseeing emergency responses.
- Issuing extradition papers, proclamations, and writs of special elections.
- Informing the legislature of the state's general condition; reviewing, vetoing, or signing into law legislation and rules; calling special sessions of the legislature when needed; and consulting with state legislators during annual legislative sessions.
- Directing, administering, and supervising the affairs of the executive branch of Minnesota state government, as well as the development of legislative proposals.
- Performing all other duties as specified by law.

The Lieutenant Governor's chief duty is to assist the Governor in carrying out the functions of the executive branch and is prepared to act in the Governor's place in the event of the Governor's absence or disability. The Lieutenant Governor's official duties also include:

- Call to order the senate on convening day.
 - Any powers, duties, responsibilities, and functions of the Governor delegated to the Lieutenant Governor by the Governor (except Constitutional duties).
 - Chairing the Capitol Area Architectural Planning Board (CAAPB).
 - Chairing the Advisory Committee on Capitol Area Security (ACCAS).
 - Serving as a member of the State Capitol Preservation Commission.
 - Serving as a member of the State Executive Council.
-

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base		Governor's Recommendation	
					FY24	FY25	FY24	FY25
<u>Expenditures by Fund</u>								
1000 - General	3,295	3,921	3,418	3,826	3,622	3,622	8,968	9,216
2000 - Restrict Misc Special Revenue	0			34	34	34	34	34
2001 - Other Misc Special Revenue	2,295	2,207	3,674	3,881	3,738	3,738	(598)	(598)
3010 - Coronavirus Relief	290	285						
3015 - ARP-State Fiscal Recovery			417	483				
Total	5,881	6,412	7,510	8,224	7,394	7,394	8,404	8,652
Biennial Change				3,441		(946)		1,322
Biennial % Change				28		(6)		8
Governor's Change from Base								2,268
Governor's % Change from Base								15

Expenditures by Program

Governor's Office	5,881	6,412	7,510	8,224	7,394	7,394	8,404	8,652
Total	5,881	6,412	7,510	8,224	7,394	7,394	8,404	8,652

Expenditures by Category

Compensation	4,516	5,119	6,220	6,793	5,980	5,972	7,134	7,374
Operating Expenses	1,397	1,293	1,290	1,431	1,414	1,422	1,270	1,278
Capital Outlay-Real Property	(32)							
Total	5,881	6,412	7,510	8,224	7,394	7,394	8,404	8,652

Total Agency Expenditures	5,881	6,412	7,510	8,224	7,394	7,394	8,404	8,652
Internal Billing Expenditures	0							
Expenditures Less Internal Billing	5,880	6,412	7,510	8,224	7,394	7,394	8,404	8,652

<u>Full-Time Equivalent</u>	48.12	52.29	61.51	62.60	55.60	53.60	65.60	64.60
------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Governor's Recommendation FY24 FY25	
1000 - General								
Balance Forward In		340		204				
Direct Appropriation	3,622	3,622	3,622	3,622	3,622	3,622	8,968	9,216
Transfers Out	1	1						
Cancellations		40						
Balance Forward Out	326		204					
Expenditures	3,295	3,921	3,418	3,826	3,622	3,622	8,968	9,216
Biennial Change in Expenditures				28		0		10,940
Biennial % Change in Expenditures				0		0		151
Governor's Change from Base								10,940
Governor's % Change from Base								151
Full-Time Equivalents	26.49	24.81	26.12	21.40	20.10	19.10	65.60	64.60

2000 - Restrict Misc Special Revenue

Balance Forward In	0	0	0					
Receipts				34	34	34	34	34
Balance Forward Out	0	0	0					
Expenditures	0			34	34	34	34	34
Biennial Change in Expenditures				34		34		34
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0

2001 - Other Misc Special Revenue

Balance Forward In	583	420	477	143				
Receipts	77	96	154	172	172	172	0	0
Transfers In	2,055	2,256	3,186	3,566	3,566	3,566	(598)	(598)
Balance Forward Out	420	565	142					
Expenditures	2,295	2,207	3,674	3,881	3,738	3,738	(598)	(598)
Biennial Change in Expenditures				3,053		(79)		(8,751)
Biennial % Change in Expenditures				68		(1)		(116)
Governor's Change from Base								(8,672)
Governor's % Change from Base								(116)
Full-Time Equivalents	21.63	25.18	32.02	37.70	35.50	34.50	0.00	0.00

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25

3010 - Coronavirus Relief

Direct Appropriation	290	285						
Cancellations	0	0						
Expenditures	290	285						
Biennial Change in Expenditures				(575)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		2.30						

3015 - ARP-State Fiscal Recovery

Balance Forward In				483				
Direct Appropriation			900					
Balance Forward Out			483					
Expenditures			417	483				
Biennial Change in Expenditures				900		(900)		(900)
Biennial % Change in Expenditures						(100)		(100)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents			3.37	3.50				

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	3,622	3,622	3,622	7,244
Forecast Base	3,622	3,622	3,622	7,244
Change Items				
Operating Adjustment		5,346	5,594	10,940
Total Governor's Recommendations	3,622	8,968	9,216	18,184
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	34	34	34	68
Forecast Base	34	34	34	68
Total Governor's Recommendations	34	34	34	68
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	3,881	3,738	3,738	7,476
Forecast Base	3,881	3,738	3,738	7,476
Change Items				
Operating Adjustment		(4,336)	(4,336)	(8,672)
Total Governor's Recommendations	3,881	(598)	(598)	(1,196)
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	34	34	34	68
Total Governor's Recommendations	34	34	34	68
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	172	172	172	344
Change Items				
Operating Adjustment		(172)	(172)	(344)
Total Governor's Recommendations	172	0	0	0

Governor's Office

FY 2024-25 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,010	1,260	1,260	1,260
<i>Governor's Office</i>	5,346	5,594	5,594	5,594
<i>MMB Non-Operating</i>	(4,336)	(4,336)	(4,336)	(4,336)
Revenues	0	0	0	0
Special Revenue Fund				
Expenditures	(4,336)	(4,336)	(4,336)	(4,336)
Revenues	(4,336)	(4,336)	(4,336)	(4,336)
Net Fiscal Impact = (Expenditures – Revenues)	1,010	1,260	1,260	1,260
FTEs	10	11	11	11

Recommendation:

The Governor recommends an operating adjustment to ensure that the Governor's Office is sufficiently funded to maintain its existing service levels, shift current operating expenses to the General Fund, increase staffing capacity by 10 FTE, and cover known operational cost increases and anticipated employee compensation growth in the next biennium.

This change also includes allocated reductions to other state agency appropriations equivalent to current transfers to the Governor's Office account in the Special Revenue Fund.

This change will increase the Governor's Office overall budget by \$1.01 million in FY 2024 and \$1.26 million in FY 2025.

Rationale/Background:

The operating increases recommended in FY 2024 and FY 2025 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities and IT services also grow. This cost growth puts pressure on operating budgets that remain flat from year to year without enacted increases. The Governor's Office has not had an increase to its general fund appropriation since 2019.

Proposal:

Fund Existing Services from the General Fund

DESCRIPTION: This operating adjustment creates a stable foundation for the necessary services provided by the Governor's Office by ensuring all existing services are paid for by the General Fund. This shift will result in a net increase to the base funding of the office by \$1.01 million in FY 2024 and \$1.26 million in FY 2025 to maintain existing FTE staffing levels and to keep up with increased costs for products and services, such as known cost increases for IT services and inflationary increases related to travel and mail and printing expenses required for our public engagement and constituent services work throughout the state.

IMPACT: Each year the costs of doing business like rent, travel expenses, printing, and mailing increase and are projected to continue to increase. Without this funding the Governor's Office would need to significantly reduce

FTEs over the biennium through attrition and/or significantly increase annual assessments to cabinet level agencies to ensure necessary support and services can continue. Not funding this request will negatively affect all cabinet agencies that receive regular and ongoing legal guidance, policy development and leadership support, communication strategies and partnership, public engagement, outreach events with the Governor's Office, critical leadership to continue enhancing tribal-state relations, and enterprise- wide coordination from the Governor's Office.

Results:

This proposal is intended to allow the Governor's Office to continue to provide current levels of service, add 10 FTE to ensure proper levels of support, guidance, and outreach and engagement with all cabinet level agencies, tribal nations, and citizens throughout Minnesota.

Governor's Office

Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	FY 2022 Actual	FY 2023 Budget	FY 2024 Base	FY 2025 Base	Required State Match or MOE?	FTEs
U.S. Department of the Treasury CFDA 21.027C	COVID 19 response staffing - American Rescue Plan State and Local Fiscal Recovery Funds	\$ 417	\$ 483	\$ -	\$ -	No	-
	ARP-State Fiscal Recovery - [3015 fund] – Agency Total	\$ 417	\$ 483	\$ -	\$ -		-

Narrative

The Office of the Governor and Lt. Governor has ongoing responsibility to manage the response to COVID-19 and to work with and respond to the concerns of legislators, business leaders, civic leaders, and constituents. This project provides funding for staff dedicated to the continued management of the State's response to COVID-19. These staff work with agencies, the legislature, business leaders, and civic leaders on Minnesota's response to COVID-19.