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Department of Finance

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DATE: April 18, 2001

TO: Senator Doug Johnson, Chair
Senate Finance Committee

Representative Dave Bishop, Chair
House Ways and Means Committee

FROM: Pamela Wheelock
Commissioner

SUBJECT: Change Order #4 - Military Affairs Appropriation Deficiency

RECEIVED

APR 20 2001

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This budget change order is to advise you and your colleagues that due to higher than anticipated fuel costs at armory facilities of the Department of Military Affairs, the Governor's budget should be amended to reflect an increase in direct appropriations of \$186,000 in general funds for FY 2001 to be financed by a transfer of appropriations from the General Contingent Account as provided in Laws of 1999, Chapter 250, Art. 1, Sec. 28. The current general fund balance of this account is \$197,116.

The total projected deficiency in the department's utility budget is approximately \$426,000. The department is using \$240,000 from savings within other portions of its budget to fund its deficiency above the recommended \$186,000 outlined within this change order. Per M.S. Chapter 16A.285, a notification of appropriation transfer is being sent under a separate cover regarding the internal savings. Please see the attached budget change item page for further information.

Encl.

Cc: Representative Phil Krinkie
Senator Richard Cohen
Bill Marx
Mark Misukanis
Major General Eugene Andreotti

AN EQUAL OPPORTUNITY EMPLOYER

BUDGET CHANGE ITEM

Agency: MILITARY AFFAIRS DEPT

Item Title: UTILITY COST DEFICIENCY

FINANCING:

Funding for this deficiency requirement would come from the General Contingent Accounts, General Fund Account, for which \$200,000 was appropriated by the legislature during the FY 2000-01 biennium. Of the total appropriation, \$197,116 is the current balance. After the recommended transfer, \$11,116 would remain for any unforeseen costs to be spent as provided under M.S. Section 3.30.

	FY 2001	2002-03 Biennium		2004-05 Biennium	
		FY 2002	FY 2003	FY 2004	FY 2005
Expenditures: (\$000s)					
General Fund					
-Military Affairs					
Training	\$186	\$-0-	\$-0-	\$-0-	\$-0-
Facilities					
-General					
Contingent	(\$186)	\$-0-	\$-0-	\$-0-	\$-0-
Accounts					
Revenues: (\$000s)					
General Fund	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes _____ No X

If yes, statute(s) affected:

_____ New Activity _____ Supplemental Funding X Reallocation

GOVERNOR'S RECOMMENDATION:

The Governor recommends a one-time deficiency appropriation transfer of \$186,000 in FY 2001 from the General Contingent Accounts, General Fund per Laws 1999, Chapt. 250, Art. 1, Sec. 28 to the Department of Military Affairs for payment of significantly higher than anticipated fuel costs at training and community center facilities (TACCs).

RATIONALE:

Rates charged during FY 2001 by major gas suppliers for fuel used at Military Affairs facilities substantially increased over the previous year's rates for every month during the fiscal year. At the beginning of calendar year, the department issued directives to its TACCs providing instructions for minimizing utility costs. Despite these efforts, the department projects a total budget deficiency of \$426,410 in its utility budget. The agency will finance \$240,000 of these cost overruns with savings realized through a hiring freeze and vacant position salary savings. The remainder is requested as a deficiency appropriation.