



December 22, 2008

Senator Richard Cohen, Chair
Senate Finance Committee
121 State Capitol
St. Paul, MN 55155

Representative Loren Solberg, Chair
House Ways and Means Committee
443 State Office Building
St. Paul, MN 55155

Senator Thomas Bakk, Chair
Senate Tax Committee
226 State Capitol
St. Paul, MN 55155

Representative Ann Lenczewski, Chair
House Tax Committee
509 State Office Building
St. Paul, MN 55155

RE: Notice of Reductions Pursuant to M.S. 16A.152, Subd. 4

Dear Senators and Representatives:

The purpose of this letter is to officially notify you, pursuant to M.S. 16A.152, Subd. 4, of the reductions made to balance the state's general fund budget for Fiscal Year 2009. The November 2008 forecast projected a deficit in the current fiscal year of \$426.3 million.

After receiving approval of the Governor, I have released \$154.9 million from the state's budget reserve account, reducing the deficit to \$271.4 million.

With further approval of the Governor, and after consultation with the Legislative Advisory Committee on December 11, 2008, I directed the reduction of \$229.2 million in unexpended allotments of prior transfers and appropriations from the general fund. This action reduced the deficit to \$42.2 million. The attachments specify the amounts of the reductions and the agencies and programs affected.

Additionally, to resolve the remaining deficit, cabinet agencies have been instructed to submit detailed plans identifying specific reductions totaling \$40 million. A voluntary reduction of \$2.2 million has also been offered by the legislature. Agency plans are due to MMB on January 2, 2009. The specific agencies and appropriation accounts to be reduced will be transmitted when these plans are complete.

Sincerely,

A handwritten signature in black ink that reads "Tom J. Hanson".

Tom J. Hanson
Commissioner

Enclosure(s)

Governor's Unallotment Plan

dollars in millions

FY 09 Shortfall November
Forecast

426.3

Use of Reserve

(154.9)

LAC
notified
12/11

Remaining Problem

271.4

Preliminary Unallotment

Reduce City Aid (LGA and Market
Value Credit)

(66.0)

Reduce County Program Aid

(44.0)

Reduce Human Services

Payments

(73.0)

Reduce Higher Ed (\$20 U of M, \$20
MnSCU)

(40.0)

Reduce State Agency Operations

(40.0)

Minnesota Housing Fund

(4.0)

Uncommitted 21 Century

Minerals Fund Balance

(1.5)

Minnesota Investment Fund
(DEED)

(0.7)

Voluntary legislative reduction

(2.2)

Total Unallotment

(271.4)

Remaining Problem

0.0