Dear Project Managers,

Legislative leadership has notified us that although they are confident that state budget negotiations will come to a timely resolution, the Legislature is taking steps to prepare for a possible government shutdown should it occur on July 1, 2011.

Related to this, LCCMR staff have received several inquiries from non-state agency* projects with existing Trust Fund appropriations extending beyond June 30, 2011 about how project contract status, continuation of work, and expense reimbursements could be impacted if state budget negotiations were to progress beyond June 30. Definitive answers to these questions are still being determined. However, at this time we thought it important to directly advise you of the possible scenarios we are presently aware of for how your project might be impacted by a shutdown so that you can stay informed of the evolving situation and may begin to plan accordingly if necessary:

1. Scenario 1 - Contract Suspension: On May 27, 2011 the Minnesota Department of Administration posted a notice regarding the potential suspension of state contracts, which is available here: [http://www.mmd.admin.state.mn.us/pdf/NoticeToVendors.pdf](http://www.mmd.admin.state.mn.us/pdf/NoticeToVendors.pdf). We are still determining whether this applies uniformly to the contract for your project’s Trust Fund appropriation. If contract suspension is invoked for your Trust Fund appropriation, your contract would be put on temporary hold by the state and additional work or other expenditures to be funded with state dollars would not be authorized; i.e., expenses incurred by your project while the suspension is in effect – the shutdown period – would not be eligible for reimbursement from your project’s Trust Fund appropriation – even after the shutdown has ended.

2. Scenario 2 – Reimbursement Delay: If contract suspension is not invoked for your project’s Trust Fund appropriation, your contract would not be affected and project work could continue as planned throughout the shutdown period, but expense reimbursements would be delayed until after the shutdown has ended and normal government operations have resumed; i.e., expenses incurred by your project during the shutdown period would be authorized but there would be a delay in when reimbursement of those expenses would occur.

*Note to project managers at U of MN, MNSCU, Metropolitan Council, and the Science Museum: Because of how your organizations are related to the state and how appropriations are written to your projects, your situation may or may not be different from the above scenarios. We include you on this email so that you are informed as we work to understand the status of funds appropriated to U of MN, MNSCU, Metropolitan Council, and the Science Museum and will update you as we know more.

If state budget negotiations do come to a timely resolution before July 1, as legislative leadership has indicated they anticipate, then none of the above scenarios would occur. We are providing you with this notice merely as a precaution so that you are aware of potential circumstances.

We apologize for not being able to provide more complete information at this time but please be assured that we will inform you as soon as we have definitive guidance on this matter. In the meantime, please also feel free to contact LCCMR staff directly by phone with any specific questions and we will attempt to address them to the best of our knowledge.