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<http://www.mn.gov/admin>

AT A GLANCE

- 489 employees in FY17
- Overseeing restoration of Minnesota State Capitol
- Oversee nearly \$3.2 billion in state procurement annually, including negotiating more than \$32 million in contract savings for government entities and increasing purchasing from diverse businesses
- Reduced energy consumption by 25 percent in 23 Capitol complex buildings since 2008
- Manage more than 280 construction projects and 750 commercial property leases
- Oversee a fleet of more than 1,800 vehicles, increasing use of electric and fuel efficient vehicles
- Trained more than 1,200 public officials and stakeholders about open government laws in 2016
- Provided direct training and informational resources to more than 10,000 individuals with developmental disabilities or family members in FY16

PURPOSE

The Department of Administration is a core central service agency for the executive branch serving the Governor, legislature, state agencies, local governments, and the public. Our mission is to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services. That mission is achieved by focusing on diversity and inclusion, customer satisfaction, technology optimization, sustainability, employee engagement, and best value.

We provide enterprise leadership and coordination to a broad range of business and professional services so agencies can achieve their missions. Our ability to provide core administrative services centrally allows us to get a better value for state agencies by leveraging economies of scale, ensure open and fair competition through standardized processes, and improve transparency to state operations and purchasing.

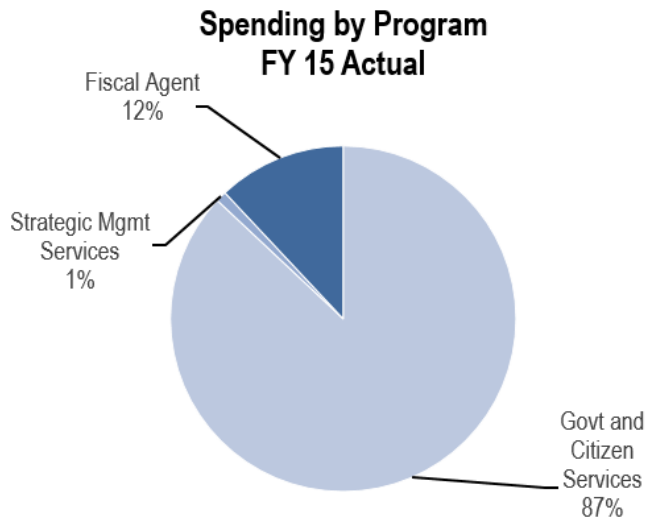
Our lead role in ensuring the efficient organization of state government includes overseeing real property and

sustainable state operations. We help agencies get the best value in purchasing goods, services, and vehicle fleets. We oversee state facilities' construction and leasing. We provide property, liability, and workers compensation insurance coverage for state operations. We set policy for state grants administration. And, we make sure the Capitol Complex buildings run efficiently and keep the Capitol grounds beautiful.

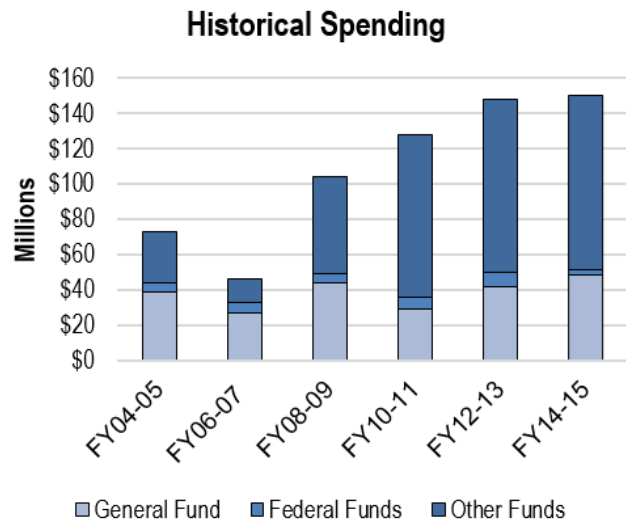
In addition to providing vital services to agencies, we provide key services to the public. On an individual level we ensure that citizens understand their rights to access government information. We provide opportunities for those with developmental disabilities and their families to advocate for their rights to education, work, and community participation. And, we provide assistive technology so those with physical disabilities can lead more independent and productive lives. Our community oriented services help ensure efficient and fair distribution of state grants and provide essential population data through our demographic services.

By ensuring Minnesota's executive branch agencies receive excellence in enterprise services, Admin contributes to the statewide outcome of: Efficient and accountable government services. By providing persons with disabilities assistive technology to help them be productive and involved in their communities, Admin contributes to the statewide outcomes of: Minnesotans have the education and skills needed to achieve their goals; and Strong and stable families and communities.

BUDGET



Source: BPAS



Source: Consolidated Fund Statement

Our mix of funding is as complex and diverse as the services we provide, with fully 87% of funds spent through the internal service, special revenue, and enterprise funds we manage. Additionally, more than half of the general fund dollars we are appropriated are passed on to, or spent on behalf of, other entities via our fiscal agent program.

STRATEGIES

We utilize multiple strategies and service delivery models to support the statewide outcomes of efficient and accountable government services and ensure the best value in government administrative services. These include:

- Sustainable services that leverage our enterprise expertise in fleet, leasing, construction, facilities, and purchasing services, and the expertise of our partner agencies to advance environmentally sustainable operations and reduce the State's carbon footprint.
- Real property services that provide a single, enterprise-wide inventory of facility conditions necessary to strategically plan for asset preservation, workforce, and citizen service investments.
- Procurement services that leverages bulk purchasing opportunities to achieve best value by developing contracts for use by multiple government units; standardizing and consolidating purchases; and aggressively negotiating contract terms and pricing.
- Facilities management services such as maintenance, engineering, and energy retrofits that provide well-maintained facilities necessary for the daily operations of the state's executive, legislative, and judicial branches.
- Construction and space leasing services such as serving as the state's leasing agent and owner's representative on construction projects. We provide efficient and effective oversight of capital construction projects, ensure facility solutions that meet the space needs of state agencies and their customers, and facilitate effective management and optimal use of state real property assets.
- Government-to-Government shared services that provide financial and human resource services to small agencies, boards and commissions, continuous improvement (Lean) training, workers compensation, archeological services, and vehicle fleet services.
- Government management services that advise agencies on achieving energy reduction goals, complying with open government requirements, reducing workers' compensation costs, helping small agencies follow state human resources and financial policies and procedures, and reducing the state's reliance on gasoline.
- Citizen services that include assistive technology, demographic services, and resources for citizens with developmental disabilities. We also facilitate the public's access to state government by educating citizens on their rights to government data, granting permits to stage public rallies, and administering public spaces in the State Capitol building.

The Department of Administration's legal authority comes from
M.S. 13 (<https://www.revisor.mn.gov/statutes/?id=13>)
16B (<https://www.revisor.mn.gov/statutes/?id=16B>)
16C (<https://www.revisor.mn.gov/statutes/?id=16C>)
4A.02 (<https://www.revisor.mn.gov/statutes/?id=4a.02>)
176.541 (<https://www.revisor.mn.gov/statutes/?id=176.541>)
138.31-138.42 (<https://www.revisor.mn.gov/statutes/?id=138.31>)
307.08 (<https://www.revisor.mn.gov/statutes/?id=307.08>)

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	24,971	23,029	22,326	26,115	22,012	22,052	34,132	24,322
2000 - Restrict Misc Special Revenue	3,740	4,027	4,059	4,893	4,256	3,893	4,256	3,893
2001 - Other Misc Special Revenue	37,847	33,264	38,470	53,000	37,790	38,112	37,890	38,212
2301 - Arts & Cultural Heritage Fund	10,176	9,371	11,329	9,964	264	0	264	0
2403 - Gift	99	876	44	267	389	0	389	0
3000 - Federal	1,535	1,410	1,388	1,809	2,235	2,313	2,235	2,313
3800 - Permanent School	0	0	131	719	300	300	300	300
4500 - Mn Bookstore	924	1,238	1,304	1,378	1,406	1,416	1,406	1,416
4501 - Coop Purchasing	15,320	17,609	8,779	34,465	24,438	25,591	24,438	25,591
4502 - Surplus Propert	1,151	2,296	1,462	1,573	1,642	1,624	1,642	1,624
5000 - Master Lease	7,010	5,100	8,703	13,897	10,620	10,620	10,620	10,620
5100 - Fleet Service	10,410	8,427	8,714	15,886	16,277	17,082	16,277	17,082
5203 - Central Mail Isf	9,472	9,660	10,767	9,027	9,783	9,797	9,783	9,797
5300 - Risk Management	12,061	10,607	11,646	14,685	13,496	13,419	13,496	13,419
5400 - Plant Management	50,078	53,185	55,298	61,515	54,140	54,107	54,140	54,107
Total	184,793	180,097	184,420	249,191	199,047	200,325	211,267	202,695
<i>Biennial Change</i>				68,720		(34,238)		(19,648)
<i>Biennial % Change</i>				19		(8)		(5)
<i>Governor's Change from Base</i>								14,590
<i>Governor's % Change from Base</i>								4

Expenditures by Program

Program: Govt And Citizen Services	158,748	157,249	159,497	223,311	185,342	187,272	196,138	188,135
Program: Strategic Mgmt Services	1,538	1,833	2,044	2,963	2,276	2,276	2,484	2,550
Program: Fiscal Agent	24,507	21,015	22,879	22,917	11,429	10,777	12,645	12,010
Total	184,793	180,097	184,420	249,191	199,047	200,325	211,267	202,695

Expenditures by Category

Compensation	31,995	33,684	35,885	40,884	43,303	43,858	45,495	44,983
Operating Expenses	105,189	95,836	95,862	114,226	110,733	109,676	120,761	110,921
Other Financial Transactions	24,211	27,653	17,245	42,477	26,426	27,995	26,426	27,995
Grants, Aids and Subsidies	13,081	11,852	12,483	11,109	3,232	2,976	3,232	2,976
Capital Outlay-Real Property	10,318	11,073	22,945	40,495	15,353	15,821	15,353	15,821
Total	184,793	180,097	184,420	249,191	199,047	200,325	211,267	202,695
Full-Time Equivalents	425.1	434.6	449.9	493.3	511.9	510.5	529.8	520.7

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	2,290	0	2,659	0	0	0	0
Direct Appropriation	25,442	20,387	24,397	23,544	21,469	21,469	33,589	23,739
Open Appropriation	1,721	1,654	818	800	775	814	775	814
Receipts	0	0	641	0	0	0	0	0
Net Transfers	4,870	4,441	3,797	2,870	3,740	3,740	3,740	3,740
Cancellations	4,894	5,743	4,668	3,758	3,973	3,973	3,973	3,973
Expenditures	24,971	23,029	22,326	26,115	22,012	22,052	34,132	24,322
Balance Forward Out	2,167	0	2,659	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				440		(4,377)		10,013
<i>Biennial % Change in Expenditures</i>				1		(9)		21
<i>Gov's Exp Change from Base</i>								14,390
<i>Gov's Exp % Change from Base</i>								33
Full-Time Equivalents	79.2	78.4	83.0	86.7	82.7	81.1	99.6	90.2

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,642	1,780	2,171	1,740	1,128	597	1,128	597
Receipts	4,476	4,867	5,785	7,086	6,525	6,707	6,525	6,707
Net Transfers	(440)	(643)	(2,158)	(2,804)	(2,799)	(2,797)	(2,799)	(2,797)
Expenditures	3,740	4,027	4,059	4,893	4,256	3,893	4,256	3,893
Balance Forward Out	1,938	1,977	1,740	1,128	597	614	597	614
<i>Biennial Change in Expenditures</i>				1,185		(803)		(803)
<i>Biennial % Change in Expenditures</i>				15		(9)		(9)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	9.1	9.7	10.2	10.6	10.6	10.6	10.6	10.6

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	29,621	28,644	31,135	24,538	16,358	18,360	16,358	18,360
Receipts	30,914	29,350	26,657	39,082	33,722	33,728	33,822	33,828
Net Transfers	5,238	5,515	5,216	5,739	6,070	6,004	6,070	6,004

2001 - Other Misc Special Revenue

Expenditures	37,847	33,264	38,470	53,000	37,790	38,112	37,890	38,212
Balance Forward Out	27,926	30,245	24,538	16,358	18,360	19,981	18,360	19,981
<i>Biennial Change in Expenditures</i>				20,359		(15,568)		(15,368)
<i>Biennial % Change in Expenditures</i>				29		(17)		(17)
<i>Gov's Exp Change from Base</i>								200
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	30.2	31.2	33.6	34.5	34.3	34.0	35.3	35.0

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,144	1,124	441	1,442	264	0	264	0
Direct Appropriation	9,605	8,925	12,398	8,785	0	0	0	0
Net Transfers	0	0	0	0	0	0	0	0
Cancellations	7	371	68	0	0	0	0	0
Expenditures	10,176	9,371	11,329	9,964	264	0	264	0
Balance Forward Out	566	307	1,442	264	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,746		(21,029)		(21,029)
<i>Biennial % Change in Expenditures</i>				9		(99)		(99)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	1.9	2.5	3.0	2.4				

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	347	1,239	693	705	943	560	943	560
Receipts	1,002	208	56	505	7	5	7	5
Net Transfers	0	58	0	0	0	0	0	0
Expenditures	99	876	44	267	389	0	389	0
Balance Forward Out	1,250	629	705	943	560	564	560	564
<i>Biennial Change in Expenditures</i>				(664)		78		78
<i>Biennial % Change in Expenditures</i>				(68)		25		25
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3	2	0	0	0	0	0	0
Receipts	1,534	1,407	1,388	1,809	2,235	2,313	2,235	2,313
Expenditures	1,535	1,410	1,388	1,809	2,235	2,313	2,235	2,313
Balance Forward Out	2	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				252		1,352		1,352
<i>Biennial % Change in Expenditures</i>				9		42		42
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	5.5	5.5	5.4	6.1	10.5	10.5	10.5	10.5

3002 - Oil Overcharge

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3	3	3	3	3	3	3	3
Balance Forward Out	3	3	3	3	3	3	3	3

3800 - Permanent School

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	169	0	0	0	0
Net Transfers	0	0	300	550	300	300	300	300
Expenditures	0	0	131	719	300	300	300	300
Balance Forward Out	0	0	169	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				850		(250)		(250)
<i>Biennial % Change in Expenditures</i>						(29)		(29)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents			0.0	1.5	1.5	1.5	1.5	1.5

4500 - Mn Bookstore

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	366	397	530	470	241	0	241	0

4500 - Mn Bookstore

Receipts	939	1,354	1,243	1,150	1,165	1,416	1,165	1,416
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	924	1,238	1,304	1,378	1,406	1,416	1,406	1,416
Balance Forward Out	381	514	470	241	0	0	0	0
<i>Biennial Change in Expenditures</i>				521		140		140
<i>Biennial % Change in Expenditures</i>				24		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	6.7	6.7	6.6	6.9	7.2	7.2	7.2	7.2

4501 - Coop Purchasing

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	17,376	20,264	23,170	37,282	26,845	27,433	26,845	27,433
Receipts	18,096	20,385	22,891	24,029	25,026	26,074	25,026	26,074
Expenditures	15,320	17,609	8,779	34,465	24,438	25,591	24,438	25,591
Balance Forward Out	20,152	23,040	37,282	26,845	27,433	27,916	27,433	27,916
<i>Biennial Change in Expenditures</i>				10,315		6,784		6,784
<i>Biennial % Change in Expenditures</i>				31		16		16
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	46.4	51.8	54.5	72.6	79.8	79.7	79.8	79.7

4502 - Surplus Propert

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,624	1,858	1,095	1,276	1,346	1,346	1,346	1,346
Receipts	1,374	1,488	1,643	1,642	1,642	1,642	1,642	1,642
Expenditures	1,151	2,296	1,462	1,573	1,642	1,624	1,642	1,624
Balance Forward Out	1,847	1,050	1,276	1,346	1,346	1,364	1,346	1,364
<i>Biennial Change in Expenditures</i>				(412)		232		232
<i>Biennial % Change in Expenditures</i>				(12)		8		8
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	7.1	7.3	7.2	7.7	7.7	8.1	7.7	8.1

5000 - Master Lease

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	6	0	0	0	0	0	0	0
Receipts	7,004	5,100	8,703	13,897	10,620	10,620	10,620	10,620
Expenditures	7,010	5,100	8,703	13,897	10,620	10,620	10,620	10,620
<i>Biennial Change in Expenditures</i>				10,490		(1,360)		(1,360)
<i>Biennial % Change in Expenditures</i>				87		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

5100 - Fleet Service

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	6,138	5,967	6,020	3,600	2,076	2,995	2,076	2,995
Receipts	16,771	15,057	13,816	14,362	17,196	17,082	17,196	17,082
Net Transfers	(6,888)	(7,698)	(7,521)	0	0	0	0	0
Expenditures	10,410	8,427	8,714	15,886	16,277	17,082	16,277	17,082
Balance Forward Out	5,612	4,899	3,600	2,076	2,995	2,995	2,995	2,995
<i>Biennial Change in Expenditures</i>				5,764		8,759		8,759
<i>Biennial % Change in Expenditures</i>				31		36		36
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	8.6	8.3	7.8	8.6	8.9	8.9	8.9	8.9

5203 - Central Mail Isf

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,449	1,282	1,768	98	617	419	617	419
Receipts	9,191	10,046	9,097	9,546	9,585	9,627	9,585	9,627
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	9,472	9,660	10,767	9,027	9,783	9,797	9,783	9,797
Balance Forward Out	1,168	1,669	98	617	419	249	419	249
<i>Biennial Change in Expenditures</i>				662		(214)		(214)
<i>Biennial % Change in Expenditures</i>				3		(1)		(1)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

5203 - Central Mail Isf

Full-Time Equivalents	7.7	8.2	9.1	9.0	9.1	9.0	9.1	9.0
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5300 - Risk Management

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	22,255	23,117	24,409	24,726	21,597	19,657	21,597	19,657
Receipts	12,694	11,765	11,964	11,555	11,555	11,555	11,555	11,555
Expenditures	12,061	10,607	11,646	14,685	13,496	13,419	13,496	13,419
Balance Forward Out	22,888	24,275	24,726	21,597	19,657	17,793	19,657	17,793
<i>Biennial Change in Expenditures</i>				3,664		584		584
<i>Biennial % Change in Expenditures</i>				16		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	11.6	11.4	10.5	11.6	12.2	12.1	12.2	12.1

5400 - Plant Management

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	26,349	23,842	17,867	11,752	915	720	915	720
Receipts	59,186	60,193	66,342	69,578	73,891	76,211	73,891	76,211
Net Transfers	(15,093)	(15,109)	(17,159)	(18,900)	(19,946)	(19,626)	(19,946)	(19,626)
Expenditures	50,078	53,185	55,298	61,515	54,140	54,107	54,140	54,107
Balance Forward Out	20,364	15,742	11,752	915	720	3,198	720	3,198
<i>Biennial Change in Expenditures</i>				13,550		(8,566)		(8,566)
<i>Biennial % Change in Expenditures</i>				13		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	211.0	213.5	218.9	235.2	247.4	248.0	247.4	248.0

Department of Administration

FY18-19 Biennial Budget Change Item

Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	714	847	847	847
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	714	847	847	847
FTEs	7.34	7.67	7.67	7.67

Recommendation:

The Governor recommends additional funding of \$714 thousand in FY2018 and \$847 thousand in each subsequent year to maintain the current level of service delivery at the Department of Administration.

Rationale/Background:

Each year, employer-paid health care contributions, pension contributions, FICA and Medicare, along with other salary and compensation-related costs increase. Other operating costs, like rent and lease, fuel and utilities, and IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year – or decrease, as is the case at Admin where today's general fund budget is lower than in 2010.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

Admin already maintains a number of vacant staff positions throughout the agency in order to make ends meet, yielding service levels lower than might be expected under state law.

For Admin, an erosion of services includes:

- Less oversight over state contracts, including contracts entered into across the enterprise through delegated authority.
- Less staff resource available to negotiate contract savings.
- Less construction project oversight resulting in higher consulting costs for capital improvement projects, and/or greater risks that state funded projects do not reflect the owners' infrastructure needs once completed.
- Failure to provide statutorily required level of oversight of enterprise real property.
- Potential for diminished oversight and support across a wide range of functions, including grants management, data practices, demographic services, continuous improvement, financial management, human resources, and other functions.

Centralized services for key administrative functions is an industry best practice as it brings greater efficiency, transparency, and consistency to customers and business partners. When funded properly, Admin's business units serve state agencies by reducing redundancies; negotiating significant cost savings on purchasing, leasing, and construction; and making business opportunities with the State more open to minority, woman, and veteran-owned businesses.

Proposal:

The Governor recommends increasing agency operating budgets to maintain the delivery of current services. For Admin, this funding will cover expected and anticipated employee compensation growth, including anticipated compensation increases and employer-paid pension costs, as well as known cost increases in rent and IT services.

Results:

This proposal is intended to allow agencies to continue to provide current levels of service and information to the public.

Statutory Change(s):

None required

Department of Administration

FY18-19 Biennial Budget Change Item

Change Item Title: Enterprise eProcurement System

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	10,000	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	10,000	0	0	0
FTEs	8	0	0	0

Recommendation:

The Governor recommends \$10 million in FY2018 to begin funding the implementation and maintenance of an enterprise eProcurement system to:

- Modernize procurement and help government agencies simplify purchasing processes
- Improve solicitation of proposals and vendor selection
- Drive purchasing savings with improved data analytics and a reduction in purchasing delays due to the lack of automation
- Promote equity in the state's procurement system and ensure fair and robust competition

Rationale/Background:

Though technological advances have changed much of the way the State works, the technology supporting procurement procedures and processes have not kept up with State needs. As a result, the State lacks sufficient data on what is being purchased, how much, by whom, and from whom -- without expending extensive effort and staff time on manual computations. Likewise, the productivity of purchasing staff across all state agencies is hindered as they are often following paper-based procedures that do not meet the standards of today. Finally, the State is placing a strong emphasis on leveraging our annual spend of approximately \$2.9 billion to support minority-, women-, and veteran-owned businesses across the state, thereby bolstering economic growth -- but our current technology is limited in helping achieve, track, or report on this goal.

States across the nation are in a similar position, and many are turning to eProcurement solutions to fill data deficiencies, improve productivity, and meet the needs of today's workforce. These eProcurement systems present streamlined certification of targeted-group businesses, re-certification of vendors, deep-level intelligence on available vendors and their specific capabilities, and ultimately allow states to understand how best to leverage the data to negotiate lower prices and deliver better value to taxpayers. In addition, eProcurement is widely accepted as imperative in private sector purchasing.

State agencies have been reaching out to Admin to find an enterprise solution. As time has passed, agencies have begun creating a makeshift patchwork of approaches to this gap. If state agencies stand up their own systems, producing a fragmented and disparate approach to the problem, the enterprise will encounter inconsistent data and implementation of the State's standard policies and procedures.

A new eProcurement system and procedural framework are needed to reform the way the State buys goods and services, and provide actionable and consistent data across the enterprise.

Proposal:

This proposal will allow Admin to capitalize on the work currently being conducted under its eProcurement Assessment, funded in the 2016 legislative session, to determine the best path forward to develop a modern eProcurement system that can provide quick value, ease of use, simplicity of process, in-depth control, and better contract management.

Specifically, this proposal would fund the following eProcurement functionalities:

PHASE ONE (YEARS 1-2):

- Business process improvement, alignment with existing systems, issuance of solicitation
- Enhanced vendor registration and communication (Vendor Enablement)
- Sourcing functionality for use by central procurement and power user agencies (automated creation of RFP's, RFB's, and RFI's)
- Initial deployment of a Catalog Marketplace (Amazon-like shopping experience) to pilot catalogs
- Initial deployment of a Contract Management module to modernize workflow and order solicitation. Limited spend analysis tools and transparency portal
- Initial integration with existing systems

PHASE TWO (ONGOING):

- Rollout of Sourcing module to all agencies
- Expanded Catalog Marketplace (Amazon-like shopping experience) for use by agencies
- Contract management and improved ability to track spend, obligations, and timelines including vendor performance
- Robust spend analysis for tracking, planning, and encouraging spending that is both environmentally friendly and works to mitigate disparities in State spending through the Targeted Group Business Programs. Procure-to-Pay functionality (meaning end-to end automation), including demonstration of need, review, sourcing, receipt, approval, payment, and verification
- Full rollout of complete functionality to agencies and integration with existing systems

Equity and Inclusion:

Funding a modern eProcurement system will allow Admin to make significant enhancements to the eProcurement process for agencies and vendors. In addition, it will bring improved data collection related to the State's Targeted Group, Economically Disadvantaged, and Veteran Owned Business programs. The system will allow an increase in the visibility to diverse suppliers and allow Admin to generate accurate, meaningful reports on diverse spend. The improved data collection will permit Admin to leverage the information to increase supplier diversity.

IT Related Proposals:

Future funding will be required to support ongoing software licensure and support, training, and change management.

Results:

As the State lacks a modern eProcurement system, ready data is not available. However, with this tool the following performance measures will be tracked.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Reduced delays in state purchasing and improved data analytics that drive purchasing savings			
Quality	Promote equity in the state's procurement system and ensure fair and robust competition			

Statutory Change(s):

None needed

Department of Administration

FY18-19 Biennial Budget Change Item

Change Item Title: Census 2020

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	190	190	190	190
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	190	190	190	190
FTEs	1.5	1.5	1.5	1.5

Recommendation:

The Governor recommends \$190 thousand in FY2018, and each year through FY2021, to fund the State Demographic Center's participation in the federal 2020 Census and to meet reporting requirements for the annual American Community Survey (ACS) that is ongoing.

Rationale/Background:

The 2020 Census will determine whether Minnesota retains eight Congressional Seats, as well as provide the population data that will be used to allocate billions of federal grant funds annually over the subsequent decade. As the designated State partner for the federal Census, the State Demographic Center (SDC) is expected to assist with completion of the Census and answer questions related to demographic trends for state agencies and others, including fielding questions related to equity goals and proposals.

The 2020 Census process began earlier this year and will continue through 2021. The SDC assists the Census Bureau with identifying Minnesota specific data sources, verifying the accuracy of geo-coding, and providing other technical assistance essential to achieving the most complete and accurate Census possible. While the SDC will support communications related to completion of the decennial census, and the Census Bureau's ongoing American Community Survey (ACS), the data expertise that SDC provides is different from that of non-profits and community-based organizing efforts supporting the Census.

Full participation in the 2020 Census is important to Minnesota's future, as population counts are used to allocate public resources from the federal government to the states, and complete and accurate population counts also guide private investment in the state and inform diversity and inclusion efforts in the public, private, and non-profit sectors. Ensuring the maximum number of citizens are counted will improve Minnesota's ability retain eight congressional seats.

Over the last two years, the Demographer has experienced a steep increase in the demand for data, technical assistance, and information requests related to the ACS. The SDC is not currently staffed at a level that allows them to respond fully to important requests for analysis and dissemination of data while continuing to meet existing statutory obligations and requests are currently being served as time is available. For example, the office had to decline more than 50 requests for presentations in 2016 as well as participation in multiple interagency working groups due to capacity. Without additional capacity to meet the Census demands, the SDC's ability to respond to information requests will continue to diminish.

Proposal:

This proposal funds 1.5 FTEs for Admin's "ramp up" related to Minnesota-specific census outreach and technical work that will be required by the Census Bureau for FY2018-2021 and to support the analysis and dissemination of data for public consumption with relation to the ACS.

When implemented, this proposal will allow the SDC to meet its obligations to the 2020 Census and assist the public with understanding demographic data.

Equity and Inclusion:

Minnesota, like all states, is experiencing significant and permanent shifts in its demographic characteristics. As many recent policy discussions have highlighted, equity gaps in household income, health conditions, and other disparities persist. While this request is designed primarily to support completion of the decennial census and ongoing support for the ACS, it is clear that such data, and the SDC's expertise and analytical services play a crucial role in understanding disparities, helping shape policy solutions, and measuring progress toward meeting equity goals.

Additional funding resources would be needed to ensure SDC has the staff capacity to be fully responsive to know demands for assistance from stakeholders and the public.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Minnesota maintains or exceeds 2010 Census participation rate	81%	81% (2 nd highest in nation)	2000 / 2010

Statutory Change(s):

None needed

Department of Administration

FY18-19 Biennial Budget Change Item

Change Item Title: In Lieu of Rent

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	1,216	1,233	1,233	1,233
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,216	1,233	1,233	1,233
FTEs	0	0	0	0

Recommendation:

The Governor requests \$1.216 million in FY2018 and \$1.233 million each year thereafter to the agency's Fiscal Agent general fund appropriation for In Lieu of Rent (ILR). ILR is used to fund space costs of the legislature, veterans' organizations, ceremonial space, the capitol grounds, and statutorily free space.

Rationale/Background:

The ILR appropriation is essential to the proper stewardship and operation of buildings that are integral to the State's democratic process as well as offices that provide support and advocacy on behalf of Minnesota's veterans, and vocational opportunities for the blind. ILR funds rent, maintenance, and operations in areas that are either ceremonial or where occupants do not directly pay rent.

Each year, just as with agency operating budgets, the cost of maintaining buildings rises. Staffing costs, including employer-paid health care contributions, pension contributions, FICA and Medicare, and other salary and compensation costs increase. Other operating costs like fuel, utility, and IT costs to maintain automated heating and cooling systems grow. Without a corresponding increase in ILR funding, which has been relatively flat since 2003, Admin will not be able to provide the staffing and maintenance necessary to care for many of the State's most valuable real property assets, including the state's recent investment in the restoration of the State Capitol.

Minnesota's \$310 million Capitol restoration project is nearing completion and re-opened to the public and government operations. In many areas, the restored Capitol's space functionality has transitioned from office space to ceremonial and public spaces. With significantly more space dedicated to public use, building usage throughout the year is expected to increase. Such a change in space usage is a great benefit, but necessitates additional resources such as increased operating time for building utility systems, more custodial staff, reservations capability, and insurance.

Among the increased expenses supported by this proposal, funding is specifically needed to operate the following new costs associated with the Capitol:

- The restored Capitol will be served by more modern and robust mechanical systems that will need to be maintained.
- Roughly \$300 thousand each year to reset Capitol labor staffing to pre-restoration levels to ensure consistent and proper maintenance of the building;
- \$175 thousand per year additional funding is needed to perform recommended inspections and related preventative maintenance in accordance with the restored Capitol's maintenance protocol.
- The amount of space covered by the ILR appropriation is increasing by 30,121 square feet.

Proposal:

This proposal will provide funding for the known costs of operating and maintaining spaces utilized by veteran services organizations, the Legislative Branch, Services for the Blind, and the public in interacting with their government. ILR is the only available source of funding for maintenance and operation of these facilities throughout the Capitol Complex.

Equity and Inclusion:

The state has made a conscious decision not to charge for space occupied by veterans' service organizations and State Services for the Blind. These groups require access to state government without having to worry about costs. Failure to fully fund this item may result in a reduction of available space or the level of maintenance of this space for legislatively directed entities.

Results:

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Veterans Service Organizations feel that they can adequately meet their mission of serving veterans from state provided space	N/A	Baseline to be established as Veterans Services Building space is realigned.	Annually beginning at FY2017 Year End.
Quality	New Capitol public space is able to be reserved and prepared for use as demand dictates	N/A	Baseline to be established by new online reservation system.	Annually beginning at FY2017 Year End.

Statutory Change(s):

None needed

Administration

FY18-19 Biennial Budget Change Item

Change Item Title: Private Events Fee Authority

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	100	100	100	100
Revenues	100	100	100	100
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	1	1	1	1

Recommendation:

The Governor recommends statutory authority for the Department of Administration to collect charges or fees for events held at the State Capitol or on ceremonial grounds that fall outside of the normal use of these areas.

Rationale/Background:

Minnesota's State Capitol recently re-opened to the public after a four-year, \$310 million historic preservation and restoration project. From the project's outset, Admin was charged by the Capitol Preservation Commission to make the Capitol accessible to all Minnesotans. As such, the building today functions very differently than it did even five years ago with significantly more space dedicated to public use. The building now hosts space that may be reserved for use by the public, including dining, meeting, reception, and exhibition space. Further, statutory changes made in the past several years have made clear an intent for greater usage of the building – for events both public and private – during and after normal business hours.

This proposal would allow Admin to collect charges or fees to cover costs incurred in support of special and private events in the State Capitol and on ceremonial grounds. This fee authority is limited only to those events that exceed normal usage. Normal usage includes, but is not limited to: rallies, public meetings, and other free-speech events.

Admin anticipates that in the first year, charges and fees will only support an events coordinator, but in future years – as usage of the space increases, additional general maintenance workers may be needed to continually maintain the space depending on the type and level of use. These receipts would also cover any associated increased need to purchase cleaning supplies, utility expenses, or to make any necessary repairs in the event that the building is damaged during special events.

Though maintenance of the State Capitol is currently funded through rents paid by tenants and the In Lieu of Rent appropriation, those receipts only cover a regular daily use and do not contemplate the additional usage envisioned by the Capitol Preservation Commission.

Results:

This proposal will allow Admin to appropriately support the recently expanded public spaces at the State Capitol and those who wish to reserve it outside of normal use.

Statutory Change(s):

This proposal would require a statutory change to chapter 16B

Administration

FY18-19 Biennial Budget Change Item

Change Item Title: State Historic Preservation Office Transfer

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends transferring the duties and responsibilities of the Minnesota State Historic Preservation Office (SHPO) from the Minnesota Historical Society (MNHS) to the Department of Administration (Admin).

Rationale/Background:

Minnesota's legislature established SHPO in 1969 in response to passage of the National Historic Preservation Act of 1966. Each state has a SHPO that is delegated authority from the Federal government to implement and administer a State Historic Preservation Plan. The administration of this Plan is essential to balancing the dual State interest of protecting our history while allowing for economic development and growth.

Duties of SHPO include implementing a comprehensive statewide historic preservation plan, a survey and National Register Program, evaluation of rehabilitation projects that qualify for Federal assistance – including the execution of the state and federal tax credit programs for historic structure rehabilitation, and assisting Federal and state agencies, local governments and Tribes in carrying out their historic preservation responsibilities. In order to carry out its review responsibilities for the state tax credit program, the SHPO is permitted to charge a fee to help support program administration and the preparation of an economic impact report required by law. Administering the program entails reviewing proposed historic preservation projects and managing the financial activities related to the grant in lieu of credit program and fees.

As part of this responsibility, SHPO consults with appropriate agencies on Federal undertakings that may affect historic and cultural properties, and reviews and makes recommendations on the content and sufficiency of any plans developed to protect, manage, or to reduce or mitigate harm to such properties.

Proposal:

The Governor recommends moving the responsibilities associated with the State Historic Preservation Program, including associated federal responsibilities (M.S. 138.081) and the state credit for historic structure rehabilitation (M.S. 290.0681), to the Department of Administration.

Admin, in consultation with MNHS will develop a plan for the transfer of these functions, staff, systems, and associated funding sources. It is assumed that existing authority under M.S. 15.039 and 16B.37 will be used to effectuate the transfer.

Results:

After the plan for the full transition of all state historic preservation office functions has been successfully implemented, it is expected that SHPO will be fully integrated into Admin and overseen by the Commissioner of Administration.

Statutory Change(s):

M.S. 138.081, M.S. 290.0681

Program: Government and Citizen Services
Activity: Community Services

<http://www.mn.gov/admin>

AT A GLANCE

- To guide planning in the coming decades, produce updated data projections about people by age/gender for Minnesota, its Economic Development Regions and all counties
- Provided long-term loans of assistive technology that saved Minnesotans with disabilities \$416,292 (FY15) and approved 89 accommodation requests from 14 State Agencies totaling \$166,263 (FY16)
- Distributed more than 1.1 million publications on developmental disabilities in FY14 and FY15
- Provided training and technical assistance to over 39,700 individuals in FY16
- Provide guidance to state grant making entities through 13 comprehensive grant policies to improve state grant-making
- Maintain files for all 19,000+ recorded archaeological sites in Minnesota
- Assist the Commissioner in issuing data practices and open meeting advisory opinions

PURPOSE & CONTEXT

Community Services consists of six diverse programs providing unique expertise to citizens and government in the areas of demography, developmental disabilities, assistive technology, grants management, government transparency and privacy laws, and archaeology.

The Office of the State Demographer assists state and local leaders in making informed decisions by providing timely and reliable demographic information. We coordinate activities to support the decennial census, which serves as the basis for Congressional reapportionment, legislative redistricting and the distribution of federal funds. Our work helps leaders to understand their current contexts and plan for future changes.

The Information Policy Analysis Division (IPAD) is the state's resource on Minnesota's data practices and open meeting laws. Whether customers participate in training or visit IPAD's website, our leadership promotes more accountable and transparent government services and helps the public understand laws related to privacy and open government.

Community services also includes two disability programs: the Governor's Council on Developmental Disabilities (Council) and the STAR Program. The Council seeks increased independence, productivity, self-determination, integration, and inclusion for people with developmental disabilities and their families. We achieve this mission by providing information, and education that help develop skills and change attitudes. STAR is Minnesota's Assistive Technology Act program and is 100% federally funded. STAR helps Minnesotans of all ages who have disabilities find and get the assistive technology they need to function more independently at home, school, work, and in their communities. Assistive technology can be any item or product that helps an individual with a disability independently perform tasks. Examples of assistive technology include communication devices, handheld magnifiers, computer software that reads aloud, assistive listening devices, adapted eating utensils, and grab bars. Additionally, STAR oversees the State's Accommodation Fund, which provided reimbursement to state agencies for their costs to accommodate employees and job applicants with disabilities. The Accommodation Fund received one-time funding approval during the 2015 Legislative Session.

The Office of Grants Management (OGM) provides policy leadership and direction to promote consistent grants administration between state agencies, funders, and grantees resulting in greater program accountability and transparency of state grantmaking. OGM also increases public information about state grant opportunities.

The Office of the State Archaeologist (OSA) strives to preserve archaeological sites and burials that are specified in property records; encourage communication between state agencies; foster collaboration between the archaeological and tribal communities; and promote archaeological research and education to preserve, protect, and interpret Minnesota's archaeological resources.

SERVICES PROVIDED

The State Demographer's Office promotes the decennial census and provides technical support to the Census Bureau. The decennial census serves as the basis for Congressional reapportionment, legislative redistricting and the distribution of federal funds in Minnesota. We produce data and research to support Diversity and Inclusion efforts around the state; prepare annual estimates of the number of people and households in all counties, cities, and townships in the state to assist with planning and distributing resources; create projections of the population and labor force by age, gender, race, and location to plan for impacts to the state; and produce new data for Minnesota's unique needs and populations, such as on our immigrant groups and languages spoken in Minnesota homes.

IPAD's work includes technical assistance, training and resource development, and statutory duties. These services help promote government accountability and efficiency by providing government entities with resources to ensure compliance with the laws and providing the public, media, and legislature with an understanding of rights and implications of the laws.

The Governor's Council on Developmental Disabilities provides training, education, and awareness to people with developmental disabilities and their families. Specific services provided include:

- Leadership training through our Partners in Policymaking® program (a leadership training program for people with developmental disabilities and their family members)
- Free training materials and online training courses
- Sponsorship of training conferences
- Grant funds to assist individuals with developmental disabilities to advocate for themselves
- Outreach to diverse communities and increased employment opportunities for people with developmental disabilities.

STAR provides the following services to Minnesotans with disabilities so they may function more independently at home, school, work, and in their communities:

- Device demonstration, device loan, and reuse of previously owned but still usable assistive technology
- Public awareness, information and assistance, technical assistance, and training

OGM promotes more efficient and effective management of state grants and provides access to state-wide grant opportunities through:

- Policy development and state grants leadership
- Training, technical assistance, consulting, and professional development

The OSA serves Minnesota by:

- Compiling and maintaining recorded archaeological site and burial information that is not specifically detailed in property records.
- Educating the public about cultural resources and providing training opportunities for professional archaeologists
- Facilitating research activities and land development planning

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of demographic report downloads	N/A	603	Jan.-July 2016
Results	Customers identified an increase in their knowledge of data practices or open meeting law following IPAD training on Data Practices and Open Meeting Law training	85%	99%	FY15, FY16
Quantity	Downloads/print of training courses and materials on developmental disabilities	94,118	1,136,361	2004, 2015

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Graduates of Partners in Policymaking, a leadership program for individuals with developmental disabilities and their families	789	954	2010, 2016
Results	Percentage of device loans that resulted in borrowers determining if assistive technology would meet their employment needs	90%	100%	2015, 2016
Results	Percent of participants in OGM training who report increasing their knowledge, skills, and abilities	90%	99%	2014, 2016

Community Services websites:

State Demographer <http://mn.gov/demography>

Information Policy Analysis Division www.ipad.state.mn.us

Governor's Council on Developmental Disabilities <http://mn.gov/mnddc> and <http://mn.gov/mnddc/pipm>

STAR Program <http://mn.gov/admin/star/>

Office of Grants Management <http://www.mn.gov/admin/government/grants> and <http://www.grants.state.mn.us/public/>

Office of the State Archaeologist <http://mn.gov/admin/archaeologist/>

The Minnesota State Demographic Center tasks are set forth in M.S. 4A.02 (<https://www.revisor.mn.gov/statutes/?id=4A.02>), which outline that the State Demographer “shall continuously gather and develop demographic data relevant to the state,” among other duties.

Legal authority for the Information Policy Analysis Division is provided in [M.S. 13.073](https://www.revisor.mn.gov/statutes/?id=13.073) (<https://www.revisor.mn.gov/statutes/?id=13.073>).

The legal authority for the Governor's Council on Developmental Disabilities is provided in the Developmental Disabilities Assistance and Bill of Rights Act (P.L. 106-402) http://www.acl.gov/Programs/AIDD/DDA_BOR_ACT_2000/index.aspx and M. S. 16B.053 and M.S. 16B.054 <https://www.revisor.mn.gov/statutes/?id=16B&view=chapter#stat.16B.053>

The Minnesota STAR Program is 100% federally-funded under the Assistive Technology Act of 1998, as amended (PL 108-364) (<http://www.gpo.gov/fdsys/pkg/PLAW-108publ364/html/PLAW-108publ364.htm>) and also authorized in M.S. 16B.055 (www.revisor.mn.gov/statutes/?id=16B.055).

The legal authority for the Office of Grants Management's duties are set forth in M.S. 16B.97 and M.S. 16B.98. <https://www.revisor.mn.gov/statutes/?id=16B.97> and <https://www.revisor.mn.gov/statutes/?id=16B.98>

The following Minnesota Statutes guide the work of the State Archaeologist: M.S. 138.31 – 138.42 (<https://www.revisor.mn.gov/statutes/?id=138.31>); M.S. 307.08 (<https://www.revisor.mn.gov/statutes/?id=307.08>); M.S. 129D.17 (<https://www.revisor.mn.gov/statutes/?id=129D.17>); and M.S. 390.25 (<https://www.revisor.mn.gov/statutes/?id=390.25>).

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	1,349	1,425	1,390	1,690	1,639	1,639	2,335	2,402
2000 - Restrict Misc Special Revenue	37	124	55	55	48	48	48	48
2001 - Other Misc Special Revenue	46	3	250	216	200	200	200	200
2301 - Arts & Cultural Heritage Fund	128	88	164	192	0	0	0	0
2403 - Gift	2	2	1	0	0	0	0	0
3000 - Federal	1,535	1,410	1,388	1,809	1,685	1,763	1,685	1,763
Total	3,097	3,052	3,247	3,961	3,573	3,651	4,269	4,414
<i>Biennial Change</i>				1,059		15		1,474
<i>Biennial % Change</i>				17		0		20
<i>Governor's Change from Base</i>								1,459
<i>Governor's % Change from Base</i>								20

Expenditures by Category

Compensation	1,712	1,858	1,902	2,027	1,891	1,911	2,587	2,674
Operating Expenses	742	653	861	1,203	1,075	1,086	1,075	1,086
Other Financial Transactions	71	50	64	143	73	105	73	105
Grants, Aids and Subsidies	555	492	413	534	487	484	487	484
Capital Outlay-Real Property	18	0	8	55	47	65	47	65
Total	3,097	3,052	3,247	3,961	3,573	3,651	4,269	4,414
<i>Full-Time Equivalents</i>	19.8	20.2	19.9	20.8	18.5	18.5	25.8	25.7

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	42	0	51	0	0	0	0
Direct Appropriation	1,391	1,391	1,641	1,839	1,839	1,839	2,535	2,602
Net Transfers		(8)	(200)	(200)	(200)	(200)	(200)	(200)
Cancellations	0	0	0	0	0	0	0	0
Expenditures	1,349	1,425	1,390	1,690	1,639	1,639	2,335	2,402
Balance Forward Out	41	0	51	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				306		199		1,658
<i>Biennial % Change in Expenditures</i>				11		6		54
<i>Gov's Exp Change from Base</i>								1,459
<i>Gov's Exp % Change from Base</i>								44
Full-Time Equivalents	12.3	12.1	11.2	12.0	11.8	11.8	19.1	19.0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	12	13	16	12	8	8	8	8
Receipts	37	122	51	50	48	48	48	48
Expenditures	37	124	55	55	48	48	48	48
Balance Forward Out	12	12	12	8	8	8	8	8
<i>Biennial Change in Expenditures</i>				(51)		(14)		(14)
<i>Biennial % Change in Expenditures</i>				(32)		(13)		(13)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.3	1.0	0.6	0.5	0.4	0.4	0.4	0.4

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	0	0	0	0
Receipts	46	1	51	15	0	0	0	0
Net Transfers		2	200	200	200	200	200	200
Expenditures	46	3	250	216	200	200	200	200
Balance Forward Out	0	0	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				417		(65)		(65)

2001 - Other Misc Special Revenue

Biennial % Change in Expenditures			854		(14)	(14)
Gov's Exp Change from Base						0
Gov's Exp % Change from Base						0
Full-Time Equivalents	0.1	0.0	0.7	0.5	0.3	0.3

2301 - Arts & Cultural Heritage Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	41	2	2	21	0	0	0	0
Net Transfers	96	89	183	170				
Cancellations	7	0	0	0	0	0	0	0
Expenditures	128	88	164	192	0	0	0	0
Balance Forward Out	1	2	21	0	0	0	0	0
Biennial Change in Expenditures				139		(355)		(355)
Biennial % Change in Expenditures				64		(100)		(100)
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	1.5	1.5	2.0	1.8	0.0	0.0	0.0	0.0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	5	3	2	1	1	1	1	1
Receipts	0	0	0	0	0	0	0	0
Expenditures	2	2	1	0	0	0	0	0
Balance Forward Out	3	2	1	1	1	1	1	1
Biennial Change in Expenditures				(3)		(1)		(1)
Biennial % Change in Expenditures				(75)		(100)		(100)

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	3	2	0	0	0	0	0	0
Receipts	1,534	1,407	1,388	1,809	1,685	1,763	1,685	1,763
Expenditures	1,535	1,410	1,388	1,809	1,685	1,763	1,685	1,763
Balance Forward Out	2	0	0	0	0	0	0	0

(Dollars in Thousands)

3000 - Federal

<i>Biennial Change in Expenditures</i>				252		252		252
<i>Biennial % Change in Expenditures</i>				9		8		8
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	5.5	5.5	5.4	6.1	6.0	6.0	6.0	6.0

Program: Government and Citizen Services
Activity: Continuous Improvement

<http://mn.gov/admin/continuous-improvement/>

AT A GLANCE

- Established a continuous improvement maturity index for every Cabinet-level agency to provide a baseline from which to measure Continuous Improvement growth
- Trained more than 400 managers in nearly every cabinet-level state agency in how to create a 'culture of continuous improvement' in FY16
- Increased participation on the Continuous Improvement Advisory Council from 14 to 23 cabinet-level state agencies from FY15 to FY16.
- Developed interagency data system plan to support the Olmstead Employment Plan and Executive Order 13-01 in FY16.

PURPOSE & CONTEXT

The Minnesota Office of Continuous Improvement (MNCI) works with state and local agencies to improve Minnesota government operations, consistent with the Department of Administration's mission: to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services.

As MNCI begins its 10th year, its focus is on enterprise level improvements that will have the greatest impact across state government. Our goal is that our work has a significant and sustainable impact on the efficiency and effectiveness of government services for Minnesotans despite challenges facing state government such as: shrinking workforce, aging population, public pressure for greater accountability and transparency, increasing customer expectations, declining or static budgets, and increasing employee retirement rate.

Our Vision: State government is recognized by Minnesotans as having the most efficient and effective services.

Our Mission: To lead and support efforts that increase the continuous improvement culture, capacity, and results for Minnesota state government agencies and staff.

Our Values: customer focus, excellence, respect, results.

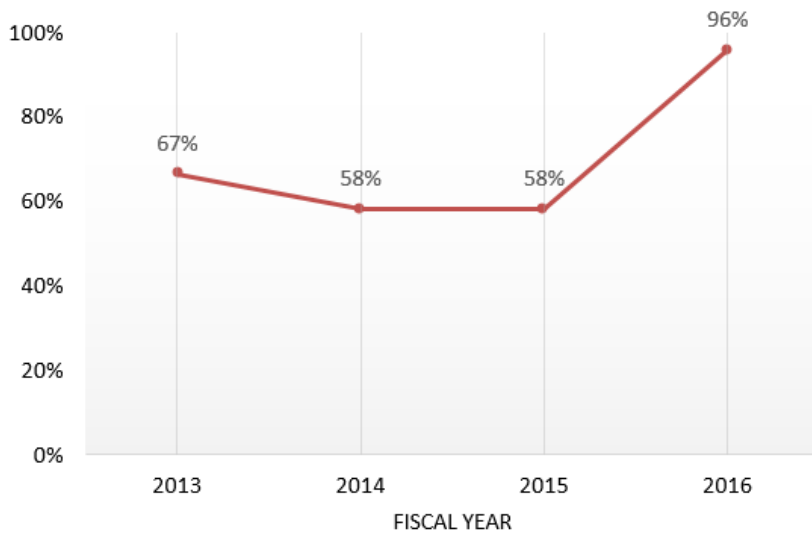
This program is funded by the General Fund.

SERVICES PROVIDED

Specific services provided to all cabinet-level agencies include: Providing leadership training to all new state managers/supervisors; highlighting best practices and new practices in the public sector; leading training courses in foundational continuous improvement concepts, methodologies, and tools; working with agencies to help them utilize continuous improvement in setting and reaching strategic goals; facilitating the annual Governor's Continuous Improvement Awards; managing enterprise-wide projects from initial scoping through implementation; and supporting agency improvement projects with consulting and project management.

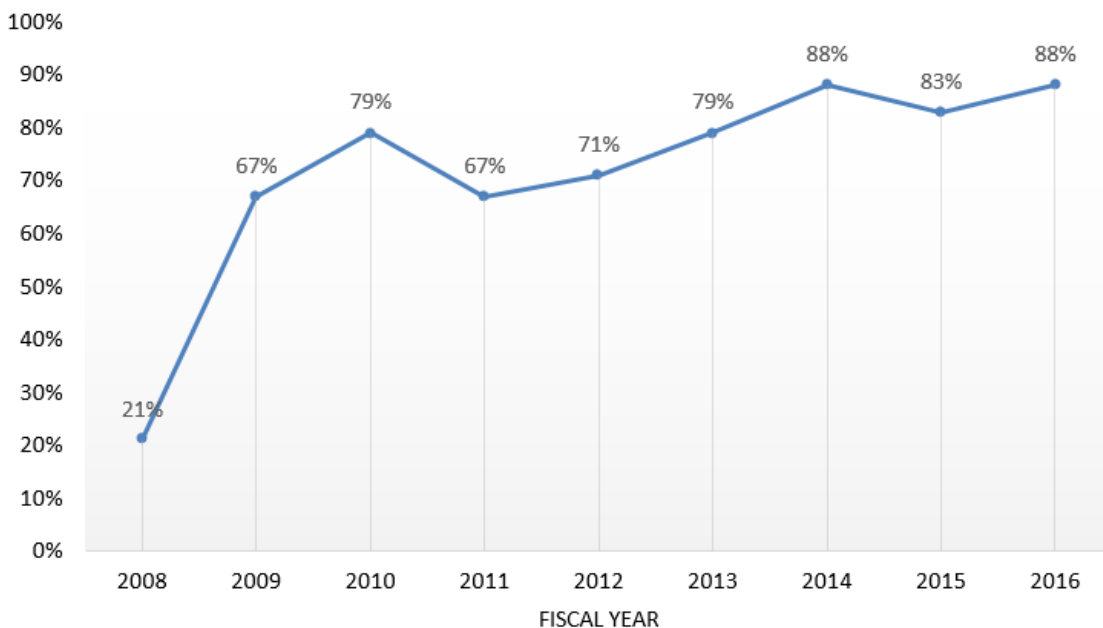
RESULTS

Percent of Cabinet Agencies Represented on MNCI Advisory Group



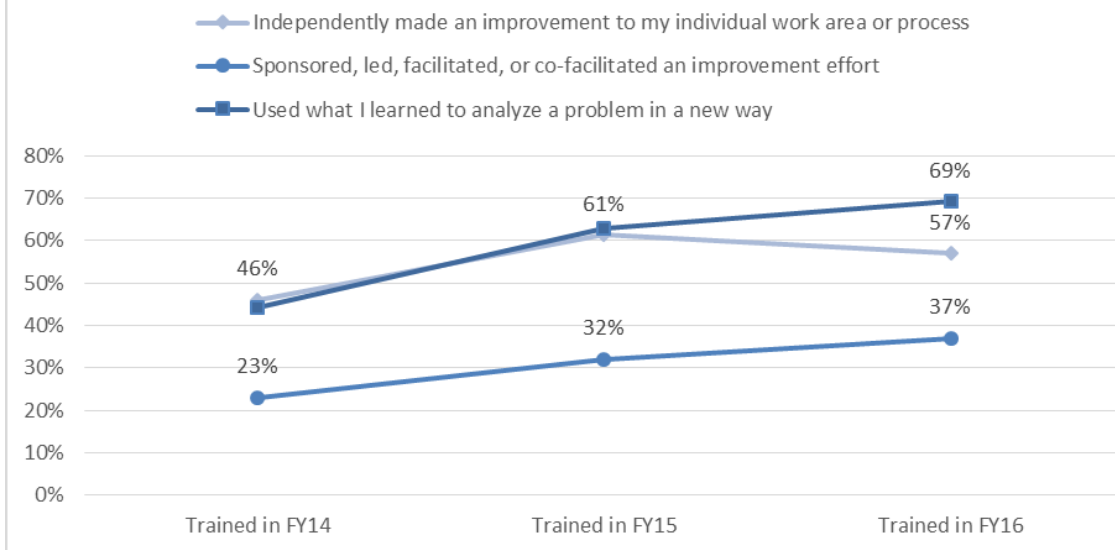
This chart shows the percentage of cabinet agencies represented on the MNCI Advisory Group. Our goal is to build the foundation for continuous improvement across the enterprise.

Cabinet Agencies with Staff Participating in Training



This chart shows the percentage of cabinet agencies with staff participating in the MNCI training. Our goal is to build a foundation for continuous improvement and create the capacity for change within each agency.

Percent of Survey Respondents Who Report Completing Improvement Activities When Surveyed Six (6) Months After Training



This chart shows the impact of our training across the enterprise: how many respondents reported doing at least one of the following activities within the six months after their trainings:

- Used what I learned to analyze a problem in a new way
- Independently made an improvement to my individual work area or process
- Sponsored, led, facilitated, or co-facilitated an improvement effort

M.S. 16B (<https://www.revisor.mn.gov/statutes/?id=16b>) provides the statutory authority for this activity.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	303	421	319	498	413	413	413	413
2001 - Other Misc Special Revenue	0	63	7	4	0	0	0	0
Total	303	484	327	502	413	413	413	413
<i>Biennial Change</i>				42		(3)		(3)
<i>Biennial % Change</i>				5		0		0
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	206	379	292	391	345	351	345	351
Operating Expenses	95	52	34	111	68	62	68	62
Other Financial Transactions	1	53	0	0	0	0	0	0
Total	303	484	327	502	413	413	413	413
<u>Full-Time Equivalents</u>	2.0	3.9	2.8	4.0	3.0	3.0	3.0	3.0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	95	0	85	0	0	0	0
Direct Appropriation	395	395	404	413	413	413	413	413
Net Transfers		(69)						
Expenditures	303	421	319	498	413	413	413	413
Balance Forward Out	92	0	85	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				94		8		8
<i>Biennial % Change in Expenditures</i>				13		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	2.0	3.2	2.8	4.0	3.0	3.0	3.0	3.0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	75	75	12	4	0	0	0	0
Expenditures	0	63	7	4	0	0	0	0
Balance Forward Out	75	12	4	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(52)		(11)		(11)
<i>Biennial % Change in Expenditures</i>				(82)		(100)		(100)
Full-Time Equivalents	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0

Program: Government and Citizen Services
Activity: Enterprise Real Property Program

<https://mn.gov/admin>

AT A GLANCE

- The Enterprise Real Property Program assists state agencies to:
- Manage data for approximately 5,500 state owned buildings consisting of more than 36.5 million square feet, and more than 3.1 million acres of land
- Maintain a catalog of floorplans for more than 89% of state owned space
- Perform standardized and consistent facility condition assessments on 80% of state owned space
- Track approximately 120,000 maintenance and work orders annually for state facilities
- Manage and track more than 890 active leases
- Track more than 78,000 facility-supporting assets and equipment
- Track employee relocations that will allow for the most effective use of space

PURPOSE & CONTEXT

Enterprise Real Property provides the tools and information necessary for data-driven facility investment and management across state government.

By coordinating collaboration and data among the 19 state agencies that maintain state property, we can collectively operate state facilities more cost-effectively. Our consistent real-time data also allows policymakers the opportunity to understand a space's condition and how it is used.

The Enterprise Real Property Program, Archibus, consolidates data from 19 agencies that have custodial control over real property into one database and one application. We utilize this data to standardize real property management across state government. We direct collaborative efforts for developing and establishing policies, procedures, consistent standards, and guidelines for operating, sustaining, and managing the state's real property portfolio.

Our systems track space management, building operations, facility condition assessment, employee moves, project management (for small-scale projects), asset management, and lease management modules to operate and manage the state's real property.

SERVICES PROVIDED

Services provided include: data management; maintaining standards, policies, and processes to ensure consistency; user training to maximize program results; maintain functionality of existing technology; research new technologies to leverage data and optimize operations; application installations and new technology implementations; implementation of agency work plans and agency consultation; issue resolution and system fixes within staff expertise; system enhancements for functionality; upgrade management; and creation of enterprise-level function specific reports.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Active facilities personnel using system	423	1,438	2011, 2016
Quantity	Number of work orders	96	173	2012, 2016
Quantity	Number of data applications	4	9	2011, 2016
Quality	Percentage of agencies that have trained Facility Condition Assessment assessors	79%	89%	2013, 2016

The Enterprise Real Property Program support and maintain compliance with Minnesota Statutes: M.S.16A.632, M.S.16B.24–16B.26, M.S.16B.281–16B.287, and M.S.16B.30–16B.307.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	0	0	0	0	674	674	674	674
2001 - Other Misc Special Revenue	0	0	0	123	0	0	0	0
Total	0	0	0	123	674	674	674	674
<i>Biennial Change</i>				123		1,225		1,225
<i>Biennial % Change</i>						996		996
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	0	0	0	0	119	99	119	99
Operating Expenses	0	0	0	123	555	575	555	575
Total	0	0	0	123	674	674	674	674
Total Agency Expenditures	0	0	0	123	674	674	674	674
Expenditures Less Internal Billing	0	0	0	123	674	674	674	674
<u>Full-Time Equivalents</u>	0.1	0	0	0	1.0	1.0	1.0	1.0

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	0	0	0	0	674	674	674	674
Expenditures	0	0	0	0	674	674	674	674
<i>Biennial Change in Expenditures</i>						1,348		1,348
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	0	105	0	0	0	0
Net Transfers				18				
Expenditures	0	0	0	123	0	0	0	0
<i>Biennial Change in Expenditures</i>				123		(123)		(123)
<i>Biennial % Change in Expenditures</i>						(100)		(100)
Full-Time Equivalents	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Program: Government and Citizen Services
Activity: Fleet and Surplus Services

<http://mn.gov/admin/government/vehicles/>

<http://mn.gov/admin/government/surplus-property/>

AT A GLANCE

- Manage a fleet of approximately 2,000 vehicles
- Implemented a vehicle telematics program to increase fleet efficiency and effectiveness
- 90 percent of managed vehicles are capable of using alternative fuels
- Reduced gasoline usage by 15.5% from 2005 to 2015
- Assist state and local governments with the distribution and disposal of surplus property
- Repurposed nearly 11,000 items through the Surplus Property Distribution Center in FY16
- Returned \$14.1 million to agencies from surplus property sales in FY16
- Sold 6,073 lots of property through the State Auction Program last year in FY16

PURPOSE & CONTEXT

Fleet and Surplus Services strives to ensure that state agencies have access to critical logistical services related to transportation and property.

Our Fleet Services unit provides safe, cost effective transportation solutions for official government business. We ensure a cost effective operation by tailoring services to actual agency usage. We monitor key data points such as mileage and fuel consumption in order to advise agencies on the best vehicle to meet their needs, how long vehicles should be kept, and other transportation options.

In addition, our green fleet choice initiative is aimed at reducing greenhouse gas emissions and petroleum consumption. We are committed to helping agencies transition to “greener” vehicles through scheduled replacement of existing fleet inventory.

Surplus Services provides assistance to state agencies and local governments to distribute surplus property in an environmentally and financially responsible manner. Additionally, we maximize the public investment in equipment through redistribution to other public entities or sale. We return approximately 90 percent of sale proceeds to the agencies that dispose of surplus property.

Our primary customers are state agencies, local governments, nonprofit organizations, and the public. Fleet Services is organized as an internal service fund and generates its revenue through the leasing program. Surplus Services is an enterprise fund and generates its revenue through the resale of goods.

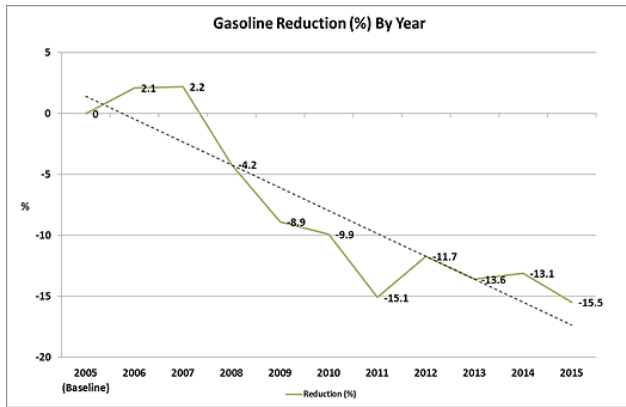
SERVICES PROVIDED

The work of Fleet and Surplus Services can be divided into two primary categories:

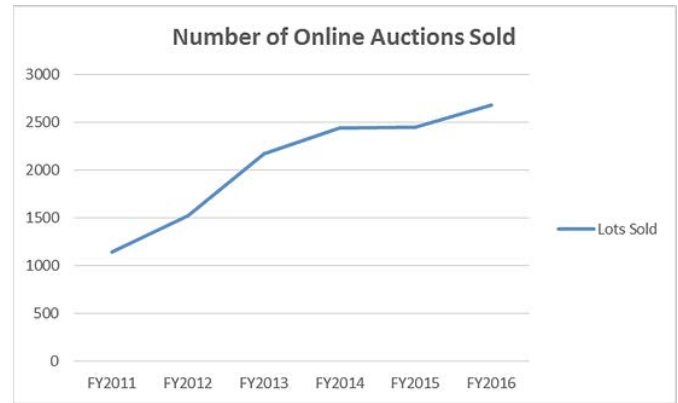
- Fleet Services
- Surplus Services

Specific services provided include: full service long-term vehicle rental program; vehicle maintenance service; fuel card program; statewide fleet reporting and information management system; telematics; agency assistance with vehicle utilization and lifecycle management; issue policy, guidelines and procedures for the management and disposal of state surplus property; management of a surplus redistribution center for state and federal surplus property; live and online auction program; surplus exchange program; and storage services

RESULTS



Measure (Quantity): Gasoline Reduction by Year. We measure fuel usage with a goal of utilizing alternative fuels and reducing gasoline consumption. From 2005 to 2015, gasoline purchases declined 15.5%.



Measure (Quantity): Number of online auction lots sold. MinnBid, our online auction site, is a cost-effective means to dispose of state surplus property. From 2011-2016, the number of items sold online increased 42%.

Type of Measure	MEASUREMENT GOAL	FY14 Baseline	FY16 Actual	FY18 Goal	FY20 Goal
Quality	Reduction of agency owned vehicles by converting to Admin leased vehicles. Controlling the life cycle of a vehicle is critical to safety, dependability, and cost effectiveness. Admin's leasing program provides a managed life cycle for vehicles to meet these three objectives. State agencies are converting agency owned vehicles to Admin leased vehicles for management and control of life cycles. In FY16 approximately 47 agency-owned vehicles were converted to lease vehicles. It is dependent on agency participation to convert remaining agency vehicles to lease vehicles during their vehicle replacement planning.	893	760	660	560
Quantity	Increase Surplus Services program active donee customer participation. Over 320 government entities and eligible non-profit organizations (donees) utilized the Surplus Services programs in FY2016. Our goal is to bring awareness to the surplus property disposal and reuse programs and increase our donee and auction sales participation. We track the number of active organizations participating in the Surplus Services re-purposing program with a goal of increasing participation by 7% over the next year.	201	320	342	N/A
Quantity	Increase the total number of electric/hybrid vehicles in Admin fleet. The Admin fleet currently has 118 electric and hybrid vehicles. Adding more energy and fuel efficient hybrid and electric vehicles as we replace current vehicles will help us meet our sustainability goals of reducing greenhouse gas emissions and petroleum consumption.	39	118	168	218

M.S. 16B.24 (<https://www.revisor.mn.gov/statutes/?id=16C.24>) and M.S. 16B.54 (<https://www.revisor.mn.gov/statutes/?id=16B.54>) provides the legal authority for these programs.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
4502 - Surplus Property	1,151	2,296	1,462	1,573	1,642	1,624	1,642	1,624
5000 - Master Lease	7,010	5,100	8,703	13,897	10,620	10,620	10,620	10,620
5100 - Fleet Service	10,410	8,427	8,714	15,886	16,277	17,082	16,277	17,082
Total	18,571	15,823	18,879	31,356	28,539	29,326	28,539	29,326
Biennial Change				15,841		7,630		7,630
Biennial % Change				46		15		15
Governor's Change from Base								0
Governor's % Change from Base								0

Expenditures by Category

Compensation	1,145	1,194	1,174	1,298	1,350	1,406	1,350	1,406
Operating Expenses	9,064	7,801	7,097	15,292	15,694	16,320	15,694	16,320
Other Financial Transactions	105	1,100	362	0	0	0	0	0
Grants, Aids and Subsidies	0	0	0	0	0	0	0	0
Capital Outlay-Real Property	8,256	5,728	10,246	14,766	11,495	11,600	11,495	11,600
Total	18,571	15,823	18,879	31,356	28,539	29,326	28,539	29,326
Full-Time Equivalents	15.7	15.6	15.0	16.3	16.6	17.0	16.6	17.0

4502 - Surplus Propert

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,624	1,858	1,095	1,276	1,346	1,346	1,346	1,346
Receipts	1,374	1,488	1,643	1,642	1,642	1,642	1,642	1,642
Expenditures	1,151	2,296	1,462	1,573	1,642	1,624	1,642	1,624
Balance Forward Out	1,847	1,050	1,276	1,346	1,346	1,364	1,346	1,364
<i>Biennial Change in Expenditures</i>				(412)		232		232
<i>Biennial % Change in Expenditures</i>				(12)		8		8
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	7.1	7.3	7.2	7.7	7.7	8.1	7.7	8.1

5000 - Master Lease

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	6	0	0	0	0	0	0	0
Receipts	7,004	5,100	8,703	13,897	10,620	10,620	10,620	10,620
Expenditures	7,010	5,100	8,703	13,897	10,620	10,620	10,620	10,620
<i>Biennial Change in Expenditures</i>				10,490		(1,360)		(1,360)
<i>Biennial % Change in Expenditures</i>				87		(6)		(6)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

5100 - Fleet Service

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	6,138	5,967	6,020	3,600	2,076	2,995	2,076	2,995
Receipts	16,771	15,057	13,816	14,362	17,196	17,082	17,196	17,082
Net Transfers	(6,888)	(7,698)	(7,521)					
Expenditures	10,410	8,427	8,714	15,886	16,277	17,082	16,277	17,082
Balance Forward Out	5,612	4,899	3,600	2,076	2,995	2,995	2,995	2,995
<i>Biennial Change in Expenditures</i>				5,764		8,759		8,759
<i>Biennial % Change in Expenditures</i>				31		36		36
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	8.6	8.3	7.8	8.6	8.9	8.9	8.9	8.9

5100 - Fleet Service

Program: Government and Citizen Services
Activity: Materials Management

<http://www.mmd.admin.state.mn.us/>

AT A GLANCE

- Oversaw Minnesota state agency purchasing valued over \$3.2 billion in FY15 and \$2.7 billion in FY16
- Established the Office of Equity in Procurement (OEP) in FY16 to promote equity in contracting
- Managed about 2,300 contracts offering volume discounts to state agencies, counties, cities, and school districts in FY16
- Reviewed about 6,700 professional/technical contract documents annually
- Negotiated over \$32 million in contract savings for government entities in FY15 and FY16

PURPOSE & CONTEXT

The Materials Management Division strives to achieve the best value for taxpayers through strategic contracting and purchasing of goods and services. We facilitate and oversee state agency purchasing valued at approximately \$3 billion annually.

Our primary customers are state agencies, counties, cities, school districts, public health care facilities, and vendors doing business with the state.

A general fund appropriation funds the contracting and purchasing services we provide to state agencies. Vendor-paid contract administration fees fund the services we provide to other government entities and health-related facilities.

SERVICES PROVIDED

The Materials Management Division utilizes two key strategies to achieve best value in state procurement:

- Statewide leadership
- Commitment to fairness and ethics

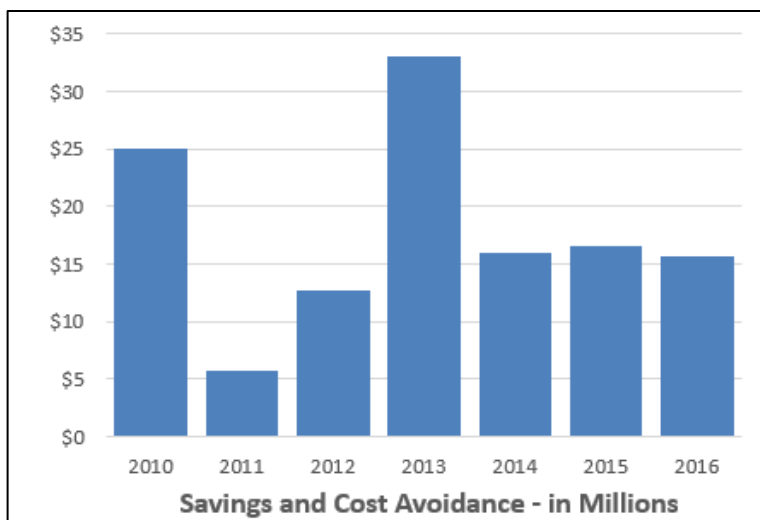
Specific services provided include: purchasing and contracting for goods, services, utilities, and construction; promoting equity in contracting and environmentally responsible purchasing; approving professional/technical contracts; working with businesses to ensure fair competition; managing procurement functions through the Statewide Integrated Financial Tools (SWIFT); monitoring compliance with state procurement law and policy; conducting training for state agencies, vendors, and other customers; operating a cooperative purchasing program for more than 1,200 local units of government; and operating the Minnesota Multi-State Contracting Alliance for Pharmacy, a pharmaceutical/medical supplies purchasing program on behalf of 49 states and the cities of Chicago, Los Angeles and Washington, D.C..

RESULTS

We use a variety of quantity, quality and result metrics to monitor our success.

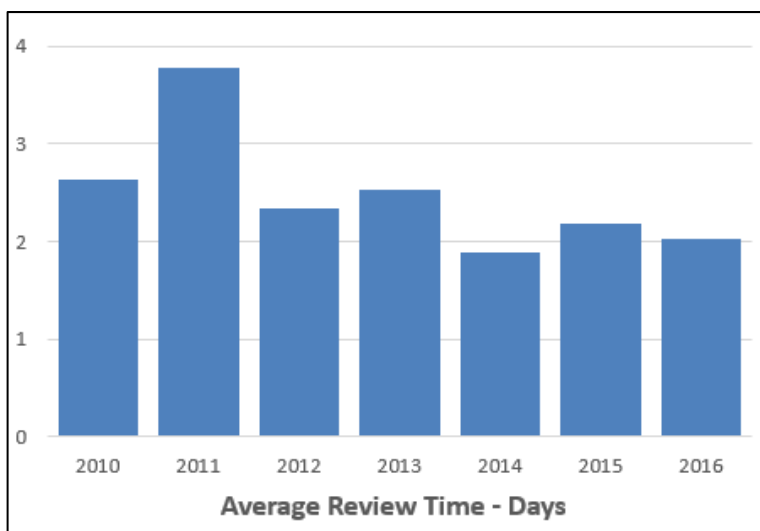
Performance Measure (Result of Program):
Dollars saved through our contract negotiations.

In FY16, we tracked savings and cost avoidance of \$15.7 million, which is more than six times greater than our General Fund appropriation of \$2.5 million for the same period.



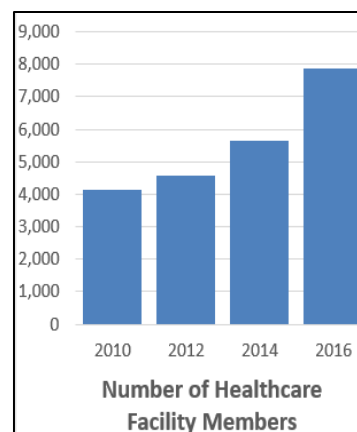
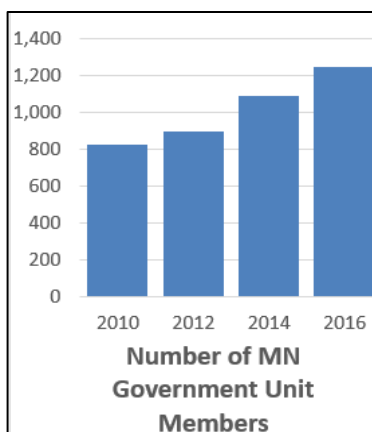
Performance Measure (Quality of Program):
Average time it takes to provide a legal review.

Agencies need prompt turnaround on the nearly 6,700 contract documents they send us annually for compliance review. We measure our work quality by assessing the average time it takes to provide a legal review.



Performance Measure (Quantity of Program):
The number of local governments and healthcare facilities that use our contracts.

We track this measure because local governments and healthcare facilities can choose among a wide variety of purchasing programs that they determine provides the best value to their organization.



Performance Measure (Quantity of Program):
The number of Certified Targeted Group, Economically Disadvantaged, and Veteran-Owned Businesses participating in our targeted small business program.

	2015	2016
Number of Certified MN Small Businesses	985	1,222

We track this measure because our success in promoting equity in our contracting practices ties directly to the number of certified vendors able, willing, and available to provide goods and services to the State.

M.S. 16C (<https://www.revisor.mn.gov/statutes/?id=16c>) provides the legal authority for MMD's procurement services.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	1,927	1,936	2,483	3,762	2,400	2,400	12,400	2,400
2000 - Restrict Misc Special Revenue	0	0	0	300	409	0	409	0
2001 - Other Misc Special Revenue	13	16	10	17	14	14	14	14
3000 - Federal	0	0	0	0	550	550	550	550
4501 - Coop Purchasing	15,320	17,609	8,779	34,465	24,438	25,591	24,438	25,591
Total	17,260	19,561	11,272	38,544	27,811	28,555	37,811	28,555
<i>Biennial Change</i>				12,995		6,549		16,549
<i>Biennial % Change</i>				35		13		33
<i>Governor's Change from Base</i>								10,000
<i>Governor's % Change from Base</i>								18

Expenditures by Category

Compensation	5,939	6,559	7,166	9,232	10,488	10,647	11,688	10,647
Operating Expenses	2,556	3,257	3,985	6,277	6,493	5,513	15,293	5,513
Other Financial Transactions	8,765	9,745	121	23,035	10,830	12,395	10,830	12,395
Total	17,260	19,561	11,272	38,544	27,811	28,555	37,811	28,555
Full-Time Equivalents	66.2	70.8	76.8	95.5	106.3	105.4	114.3	105.4

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	16	0	947	0	0	0	0
Direct Appropriation	1,931	1,931	3,430	3,465	2,400	2,400	12,400	2,400
Net Transfers		(11)		(650)				
Expenditures	1,927	1,936	2,483	3,762	2,400	2,400	12,400	2,400
Balance Forward Out	4	0	947	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				2,382		(1,445)		8,555
<i>Biennial % Change in Expenditures</i>				62		(23)		137
<i>Gov's Exp Change from Base</i>								10,000
<i>Gov's Exp % Change from Base</i>								208
Full-Time Equivalents	19.6	18.8	22.3	22.8	21.9	21.1	29.9	21.1

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	0	409	0	409	0
Receipts	0	0	0	709	0	0	0	0
Expenditures	0	0	0	300	409	0	409	0
Balance Forward Out	0	0	0	409	0	0	0	0
<i>Biennial Change in Expenditures</i>				300		109		109
<i>Biennial % Change in Expenditures</i>						36		36
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	13	16	10	17	12	12	12	12
Receipts	16	10	18	12	14	14	14	14
Net Transfers		0						
Expenditures	13	16	10	17	14	14	14	14
Balance Forward Out	16	10	17	12	12	12	12	12
<i>Biennial Change in Expenditures</i>				(2)		1		1
<i>Biennial % Change in Expenditures</i>				(8)		5		5
<i>Gov's Exp Change from Base</i>								0

2001 - Other Misc Special Revenue

Gov's Exp % Change from Base							0
Full-Time Equivalents	0.1	0.2	0.1	0.1	0.1	0.1	0.1

3000 - Federal

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Receipts	0	0	0	0	550	550	550	550
Expenditures	0	0	0	0	550	550	550	550
Biennial Change in Expenditures						1,100		1,100
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	0.0	0.0	0.0	0.0	4.5	4.5	4.5	4.5

4500 - Mn Bookstore

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Net Transfers	0							

4501 - Coop Purchasing

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	17,376	20,264	23,170	37,282	26,845	27,433	26,845	27,433
Receipts	18,096	20,385	22,891	24,029	25,026	26,074	25,026	26,074
Expenditures	15,320	17,609	8,779	34,465	24,438	25,591	24,438	25,591
Balance Forward Out	20,152	23,040	37,282	26,845	27,433	27,916	27,433	27,916
Biennial Change in Expenditures				10,315		6,784		6,784
Biennial % Change in Expenditures				31		16		16
Gov's Exp Change from Base								0
Gov's Exp % Change from Base								0
Full-Time Equivalents	46.4	51.8	54.5	72.6	79.8	79.7	79.8	79.7

5203 - Central Mail Isf

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Net Transfers	0							

5203 - Central Mail Isf

Program: Government and Citizen Services
Activity: Plant Management

<http://mn.gov/admin/government/buildings-grounds>

AT A GLANCE

- Maintain 4.5 million square feet of office, laboratory, ceremonial, meeting, and other space in 23 buildings, including State Capitol building public spaces
- Maintain the grounds of the 140 acre Capitol Complex
- Maintain 25 monuments and memorials
- Operate and maintain 31 parking facilities (6,000 stalls)
- Issue over 500 special event permits annually
- Processed 19 million pieces of mail and achieved \$1.4 million in postage savings for state agencies in FY16
- Serve over 70,000 Minnesota Bookstore customers
- Reduced energy consumption by 25 percent from 2008 to 2016
- Oversee a Toward Zero Waste recycling program.

PURPOSE & CONTEXT

Plant Management's (PMD) maintains facilities and grounds on the State Capitol Complex and other select locations in the State of Minnesota while keeping lease and parking rates low. We seek innovative solutions for parking asset management and to ensure sustainability through energy management and environmental stewardship.

Additionally, our mail processing, publishing and distribution services through Central Mail and Minnesota's Bookstore provide cost-effective solutions critical to state agency functions. Our publication of the State Register provides the public a convenient way to find critical state information.

Our primary customers are state agencies and their customers, state employees, the Governor's Office, the Legislature, and visitors to the Capitol Complex. Minnesota's Bookstore serves state and local governments, school districts, and higher education entities.

PMD operates as an internal service fund with income generated from building lease rates charged to state agencies and other tenants. Income also comes from central mail postage rates, parking fees, and bookstore sales. There is a general fund appropriation for processing federal mail and for interagency mail delivery.

SERVICES PROVIDED

PMD provides services in four primary categories:

- Facilities
- Parking and alternative transportation
- Grounds
- Centralized mail service for agencies located in St. Paul

Specific services provided include: provide clean, safe, and environmentally-sound facilities; energy management; recycling; event permitting/coordination; Capitol Complex food service oversight; maintenance of green spaces including monuments and memorials; process federal and inter-office mail for state agencies; maintain and manage parking facilities; and publish the State Register.

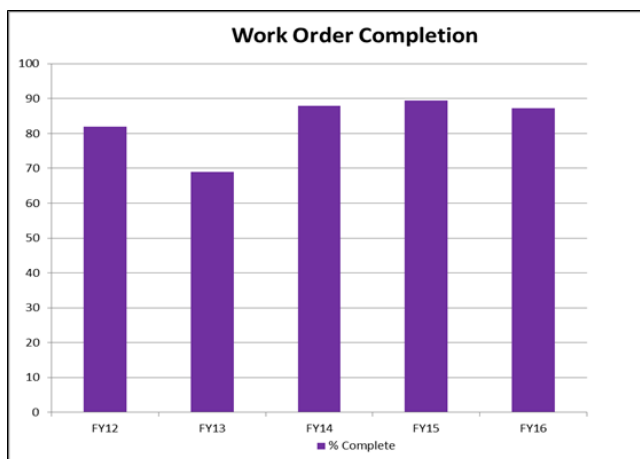
RESULTS

We measure performance in multiple ways including: customer satisfaction, service disruptions, work completion rates, recycling rates energy consumption and carbon reduction. We also continually monitor the conditions of the buildings we manage by conducting annual facility condition audits.

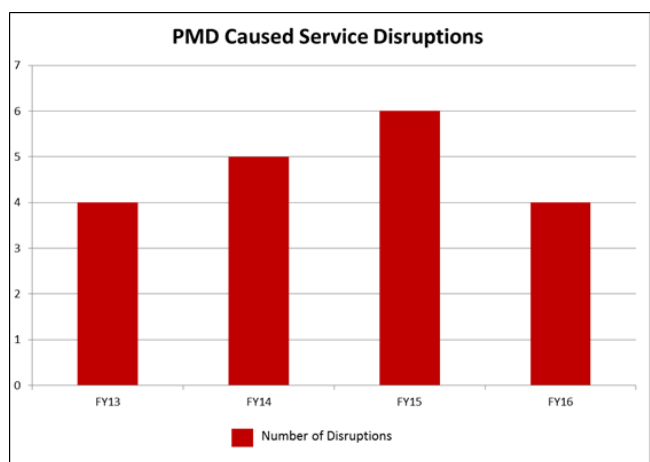
Performance Measures:



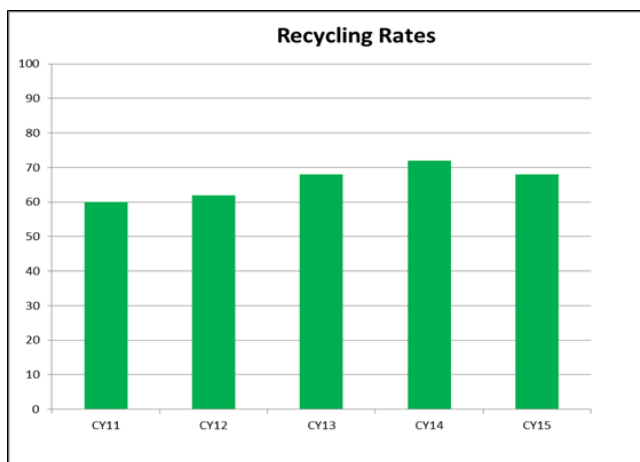
Customer Satisfaction: Data is taken from Building Occupant Annual Survey results. The percentage identifies consistently high tenant satisfaction with Admin managed facilities.



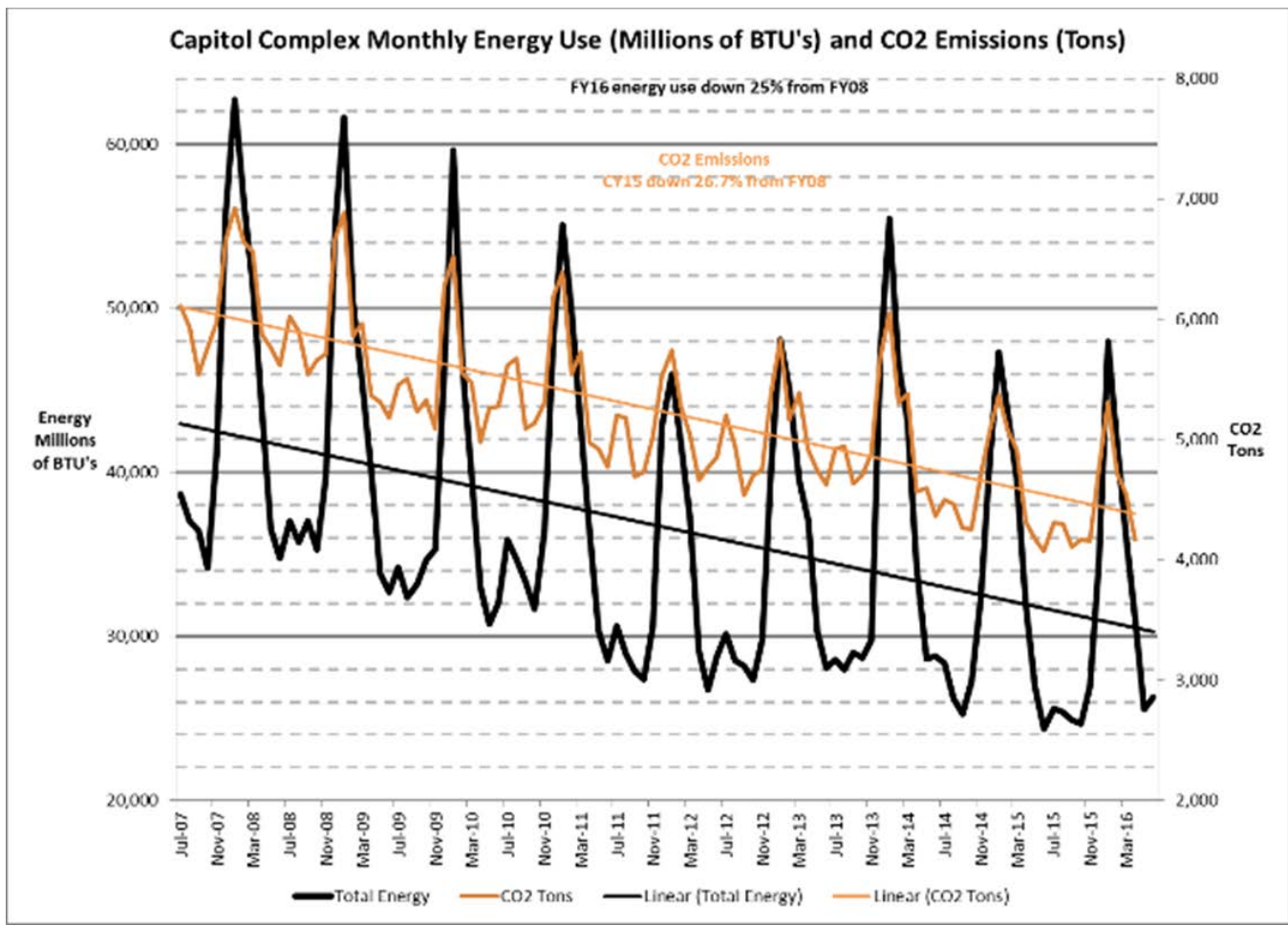
Best Value: Percentage of work orders completed on-time statistics show improved timeliness of work order completions



Best Value: Our goal is to have zero PMD caused-service disruptions. A service disruption is any change or interruption in a building service such as heating, cooling, plumbing, or electrical service that degrades an occupant's ability to accomplish their mission.



Sustainability: Recycling rates in our facilities shows room for improvement as we strive to reach a rate over 90% (percentage based on total waste weight) in the next biennium.



Sustainability: All Capitol Complex energy sources for all facilities in millions of British Thermal Units (MMBTUs). The current energy reduction of 25% has been normalized for weather.

M.S. 16B.24-28 (<https://www.revisor.mn.gov/statutes/?id=16B>) provides the legal authority for Plant Management Division's services.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	437	436	438	438	438	438	438	438
2000 - Restrict Misc Special Revenue	3,703	3,818	3,981	4,442	3,526	3,619	3,526	3,619
2001 - Other Misc Special Revenue	8,739	2,412	9,080	19,916	4,862	5,196	4,962	5,296
2403 - Gift	1	0	0	2	0	0	0	0
4500 - Mn Bookstore	924	1,238	1,304	1,378	1,406	1,416	1,406	1,416
5203 - Central Mail Isf	9,472	9,660	10,767	9,027	9,783	9,797	9,783	9,797
5400 - Plant Management	50,078	53,185	55,298	61,515	54,140	54,107	54,140	54,107
Total	73,354	70,749	80,868	96,718	74,155	74,573	74,255	74,673
<i>Biennial Change</i>				33,482		(28,857)		(28,657)
<i>Biennial % Change</i>				23		(16)		(16)
<i>Governor's Change from Base</i>								200
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	15,895	16,366	17,232	19,054	20,324	20,758	20,412	20,846
Operating Expenses	41,972	36,218	39,387	38,232	36,745	36,400	36,757	36,412
Other Financial Transactions	13,469	13,619	13,682	15,355	13,275	13,259	13,275	13,259
Grants, Aids and Subsidies	0	3	3	0	0	0	0	0
Capital Outlay-Real Property	2,017	4,542	10,564	24,077	3,811	4,156	3,811	4,156
Total	73,354	70,749	80,868	96,718	74,155	74,573	74,255	74,673
<u>Full-Time Equivalents</u>	241.0	243.8	250.3	267.4	279.9	280.3	280.9	281.3

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	1	0	0	0	0	0	0
Direct Appropriation	438	438	438	438	438	438	438	438
Net Transfers	4,894	4,896	4,668	3,758	3,973	3,973	3,973	3,973
Cancellations	4,894	4,899	4,668	3,758	3,973	3,973	3,973	3,973
Expenditures	437	436	438	438	438	438	438	438
Balance Forward Out	1	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				3		0		0
<i>Biennial % Change in Expenditures</i>				0		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	6.8	6.7	6.0	6.2	6.1	6.0	6.1	6.0

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	915	981	1,324	919	0	152	0	152
Receipts	4,403	4,742	5,734	6,327	6,477	6,659	6,477	6,659
Net Transfers	(440)	(736)	(2,158)	(2,804)	(2,799)	(2,797)	(2,799)	(2,797)
Expenditures	3,703	3,818	3,981	4,442	3,526	3,619	3,526	3,619
Balance Forward Out	1,174	1,169	919	0	152	395	152	395
<i>Biennial Change in Expenditures</i>				901		(1,278)		(1,278)
<i>Biennial % Change in Expenditures</i>				12		(15)		(15)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	8.8	8.7	9.6	10.2	10.2	10.2	10.2	10.2

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	21,399	18,541	22,149	17,992	8,697	9,705	8,697	9,705
Receipts	15	0	0	5,207	0	0	100	100
Net Transfers	5,238	5,513	4,924	5,415	5,870	5,804	5,870	5,804
Expenditures	8,739	2,412	9,080	19,916	4,862	5,196	4,962	5,296
Balance Forward Out	17,913	21,642	17,992	8,697	9,705	10,313	9,705	10,313

2001 - Other Misc Special Revenue

<i>Biennial Change in Expenditures</i>			17,845		(18,938)	(18,738)
<i>Biennial % Change in Expenditures</i>			160		(65)	(65)
<i>Gov's Exp Change from Base</i>						200
<i>Gov's Exp % Change from Base</i>						2
Full-Time Equivalents	0.0	0.0	0.0	0.0	0.0	1.0

2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	336	337	368	401	401	402	401	402
Receipts	2	32	33	2	3	3	3	3
Expenditures	1	0	0	2	0	0	0	0
Balance Forward Out	337	368	401	401	402	404	402	404
<i>Biennial Change in Expenditures</i>				0		(2)		(2)
<i>Biennial % Change in Expenditures</i>				9		(100)		(100)

4500 - Mn Bookstore

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	366	397	530	470	241	0	241	0
Receipts	939	1,354	1,243	1,150	1,165	1,416	1,165	1,416
Expenditures	924	1,238	1,304	1,378	1,406	1,416	1,406	1,416
Balance Forward Out	381	514	470	241	0	0	0	0
<i>Biennial Change in Expenditures</i>				521		140		140
<i>Biennial % Change in Expenditures</i>				24		5		5
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	6.7	6.7	6.6	6.9	7.2	7.2	7.2	7.2

5203 - Central Mail Isf

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	1,449	1,282	1,768	98	617	419	617	419
Receipts	9,191	10,046	9,097	9,546	9,585	9,627	9,585	9,627
Expenditures	9,472	9,660	10,767	9,027	9,783	9,797	9,783	9,797
Balance Forward Out	1,168	1,669	98	617	419	249	419	249

(Dollars in Thousands)

5203 - Central Mail Isf

<i>Biennial Change in Expenditures</i>			662		(214)	(214)
<i>Biennial % Change in Expenditures</i>			3		(1)	(1)
<i>Gov's Exp Change from Base</i>						0
<i>Gov's Exp % Change from Base</i>						0
Full-Time Equivalents	7.7	8.2	9.1	9.0	9.1	9.0

5400 - Plant Management

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	26,349	23,842	17,867	11,752	915	720	915	720
Receipts	59,186	60,193	66,342	69,578	73,891	76,211	73,891	76,211
Net Transfers	(15,093)	(15,109)	(17,159)	(18,900)	(19,946)	(19,626)	(19,946)	(19,626)
Expenditures	50,078	53,185	55,298	61,515	54,140	54,107	54,140	54,107
Balance Forward Out	20,364	15,742	11,752	915	720	3,198	720	3,198
<i>Biennial Change in Expenditures</i>				13,550		(8,566)		(8,566)
<i>Biennial % Change in Expenditures</i>				13		(7)		(7)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	211.0	213.5	218.9	235.2	247.4	248.0	247.4	248.0

Program: Government & Citizen Services
Activity: Real Estate & Construction Services

<http://mn.gov/admin/government/real-estate/>

<http://mn.gov/admin/government/construction-projects/>

AT A GLANCE

- Manage 920 non-state-owned and state-owned real property leases in FY17
- Lease 3.8 million useable square feet of non-state-owned space at an annual cost of \$66.4 million
- Manage over 280 construction projects for state-owned facilities including the restoration of the State Capitol, memorials on the Capitol Mall, and veterans' cemeteries in FY17
- Oversee more than \$500 million in capital appropriations in FY17.

PURPOSE & CONTEXT

Real Estate and Construction Services delivers project management and leasing services to achieve facility solutions that help state agencies deliver efficient and effective services.

Our construction services team leverages our statewide reach to increase the sustainability standards in state buildings. This is accomplished through our development of the sustainability guidelines in partnership with the Department of Commerce and the University of Minnesota.

Additionally, by utilizing statutory contracting preferences, subcontracting goals, and set-aside contracts, we are

working to advance greater diversity and inclusion in public construction projects.

Our effective lease negotiations ensure that agencies receive competitive rates in the market. We also help agencies get the most from their space through implementation of space standards.

Our activities are primarily funded through general fund and capital appropriations.

SERVICES PROVIDED

We provide services in two primary categories:

- Construction services
- Real Estate services

Specific services provided include: professional project management of new, remodel, and asset preservation building projects; management of statewide capital asset preservation and replacement funds; management of the statewide predesign program; negotiation and drafting of lease documents; management of state-owned and non-state-owned real property leases; negotiation and drafting of easements and permits; coordination of transfers of real property between agencies; management and oversight of the Minnesota Sustainable Building Guidelines and Benchmarking Tool; and space utilization services for efficient facility management.

RESULTS

Performance Measure (Result of the Program): Key performance areas include: 1) Diversity and Inclusion; 2) Sustainability and, 3) Best Value.

<i>Implementation Goal</i>	<i>FY17 Baseline</i>	<i>FY18 Goal</i>	<i>FY19 Goal</i>
Achieve at or below market rental rates for all office / warehouse lease renewals and new leases	100%	100%	100%
Incorporate at least one new sustainability measure into all lease renewals and new leases	0%	100%	100%
Review Capital improvement projects to determine if set-aside eligible	0%	Implemented for 100% of projects	Implemented for 100% of projects
Send 10% or more of professional / technical services solicitations to Targeted Group vendors	0%	Implemented for 100% of solicitations	Implemented for 100% of solicitations

M.S.16A.632, M.S.16B.24-16B.26, M.S.16B.281-16B.287, M.S.16B.30, M.S.16B.305, M.S.16B.31, M.S.16B.32, M.S.16B.321-16B.328, M.S.16B.33, M.S.16B.335, M.S.16C (<https://www.revisor.mn.gov/statutes/?id=16B>) and (<https://www.revisor.mn.gov/statutes/?id=16C>) are the statutes that provide the legal authority for Real Estate and Construction Services.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	2,905	3,101	2,942	3,307	2,466	2,466	2,466	2,466
2000 - Restrict Misc Special Revenue	0	60	23	96	274	226	274	226
2001 - Other Misc Special Revenue	659	645	915	543	500	500	500	500
2403 - Gift	96	874	43	150	0	0	0	0
Total	3,660	4,680	3,924	4,096	3,240	3,192	3,240	3,192
<i>Biennial Change</i>				(320)		(1,587)		(1,587)
<i>Biennial % Change</i>				(4)		(20)		(20)
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	1,828	1,753	1,963	2,171	1,924	1,898	1,924	1,898
Operating Expenses	1,810	2,118	1,915	1,709	1,317	1,295	1,317	1,295
Other Financial Transactions	4	5	12	4	0	0	0	0
Capital Outlay-Real Property	19	803	35	212	0	0	0	0
Total	3,660	4,680	3,924	4,096	3,240	3,192	3,240	3,192
<u>Full-Time Equivalents</u>	19.6	18.6	20.0	20.8	18.5	17.9	18.5	17.9

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	175	0	167	0	0	0	0
Direct Appropriation	3,110	3,080	3,109	3,140	2,466	2,466	2,466	2,466
Net Transfers		(154)						
Expenditures	2,905	3,101	2,942	3,307	2,466	2,466	2,466	2,466
Balance Forward Out	205	0	167	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				243		(1,316)		(1,316)
<i>Biennial % Change in Expenditures</i>				4		(21)		(21)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	19.6	18.6	20.0	20.8	18.5	17.9	18.5	17.9

2000 - Restrict Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	702	748	817	794	698	424	698	424
Receipts	12	3	0	0	0	0	0	0
Net Transfers		93						
Expenditures	0	60	23	96	274	226	274	226
Balance Forward Out	713	783	794	698	424	198	424	198
<i>Biennial Change in Expenditures</i>				59		381		381
<i>Biennial % Change in Expenditures</i>				98		320		320
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	167	0	150	0	0	0	0	0
Receipts	491	645	765	543	500	500	500	500
Expenditures	659	645	915	543	500	500	500	500
Balance Forward Out	0	0	0	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				155		(458)		(458)
<i>Biennial % Change in Expenditures</i>				12		(31)		(31)
<i>Gov's Exp Change from Base</i>								0

2001 - Other Misc Special Revenue

Gov's Exp % Change from Base			0
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2403 - Gift

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	893	318	296	148	150	148	150
Receipts	1,000	177	22	2	2	2	2	2
Net Transfers		58						
Expenditures	96	874	43	150	0	0	0	0
Balance Forward Out	904	254	296	148	150	152	150	152
<i>Biennial Change in Expenditures</i>				(777)		(193)		(193)
<i>Biennial % Change in Expenditures</i>				(80)		(100)		(100)

Program: Government and Citizen Services
Activity: Risk Management

<http://mn.gov/admin/risk>

AT A GLANCE

- Manage 3,334 new liability, property and workers' compensation claims annually
- Insure \$15.7 billion in state property and 13,618 vehicles for auto liability
- Lead the statewide injury reduction effort, MnSAFE, which has prevented over 1,750 injuries to state employees

PURPOSE & CONTEXT

The Risk Management Division serves as the state's insurance expert by providing risk management advice and property, liability, and workers' compensation insurance services to all of Minnesota state government, quasi-state agencies, and the Minnesota State Colleges and Universities.

We help our customers understand their operational risks and maintain financial stability through insurance or the use

of other risk management strategies. In addition, we help state agencies develop and promote a safe, productive workplace that helps protect state employees and state resources. We deliver comprehensive, cost-effective property, liability, and workers compensation services through proactive and innovative risk, loss-control, and claims management practices.

The Workers' Compensation Program operates as a special revenue fund and the Property and Casualty Program operates as an internal service fund.

SERVICES PROVIDED

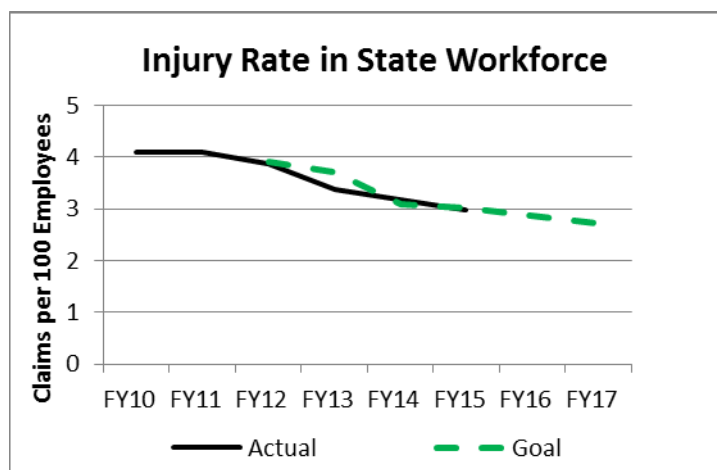
Risk Management helps state agencies and employees return to serving Minnesota citizens following unexpected events or accidents.

The services provided by Risk Management include:

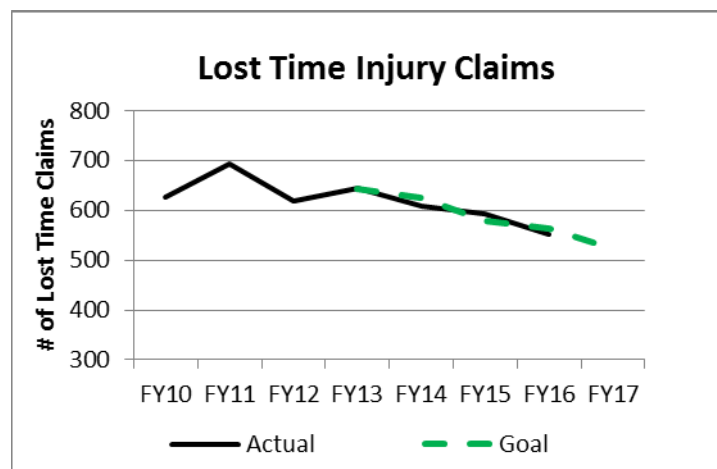
- Advising customers about how to best control risks
- Protecting state property and the public
- Preventing injuries to employees and providing benefits when injuries occur that are work related
- Returning employees to work as soon as possible following workplace injuries
- Resolving property damage and injuries to the public caused by our customers
- Repairing our customers' damaged property and vehicles

Risk Management serves as the state's insurance company by offering: coverage for state-owned and operated vehicles; property and general liability insurance; workers' compensation coverage for state government; workplace safety and loss control services; and claim services that help the state minimize financial loss associated with accidents.

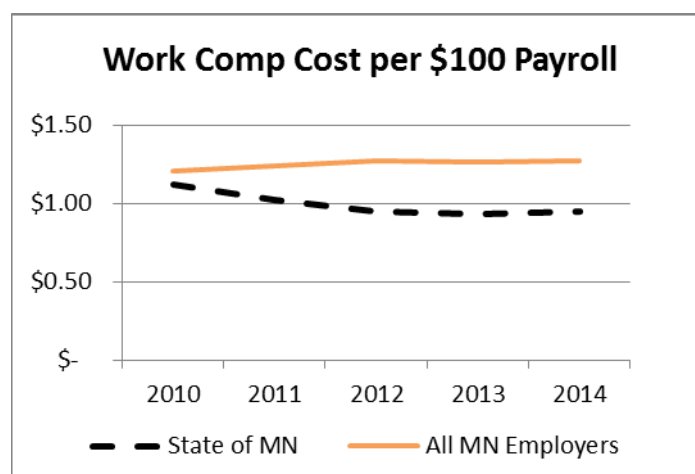
RESULTS



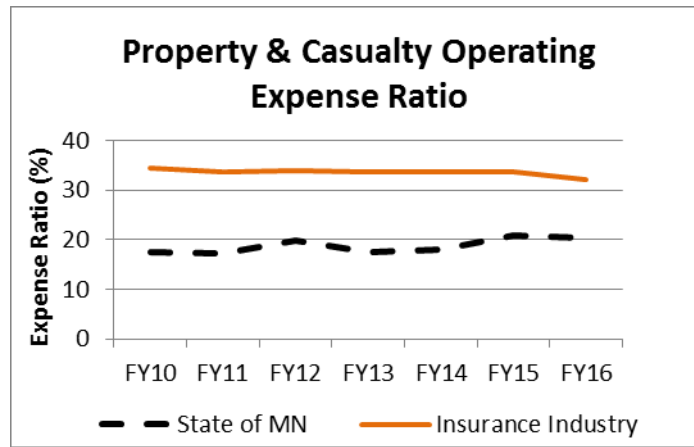
Performance Measure (Result of the Program): The number of workplace injuries is declining



Performance Measure (Result of the Program): The number of lost time injury claims is declining



Performance Measure (Quality of the program): To ensure cost effective services, we routinely compare our costs with those of private and public employers. Our workers' compensation cost per every \$100 of payroll is less than that of other Minnesota employers.



Performance Measure (Quality of the Program): We strive to keep our administrative expenses low and measure our costs annually against insurance market averages. Our property and casualty operating expenses are less than the average insurance industry operating costs.

M.S. 16B.85 (<https://www.revisor.mn.gov/statutes/?id=16B.85>) and M.S. 176.541 (<https://www.revisor.mn.gov/statutes/?id=176.541>) provide the legal authority for Administration's Risk Management Division.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	1,721	1,654	818	800	775	814	775	814
2001 - Other Misc Special Revenue	28,353	30,053	27,884	31,753	31,920	31,902	31,920	31,902
5300 - Risk Management	12,061	10,607	11,646	14,685	13,496	13,419	13,496	13,419
Total	42,134	42,314	40,348	47,237	46,190	46,135	46,190	46,135
<i>Biennial Change</i>				3,138		4,739		4,739
<i>Biennial % Change</i>				4		5		5
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	3,722	3,803	3,975	4,192	4,539	4,443	4,539	4,443
Operating Expenses	37,032	36,192	33,854	39,579	39,551	39,592	39,551	39,592
Other Financial Transactions	1,380	2,318	2,519	3,466	2,100	2,100	2,100	2,100
Total	42,134	42,314	40,348	47,237	46,190	46,135	46,190	46,135
<i>Full-Time Equivalents</i>	41.4	40.6	40.5	41.3	42.8	42.3	42.8	42.3

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Open Appropriation	1,721	1,654	818	800	775	814	775	814
Expenditures	1,721	1,654	818	800	775	814	775	814
<i>Biennial Change in Expenditures</i>				(1,757)		(29)		(29)
<i>Biennial % Change in Expenditures</i>				(52)		(2)		(2)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	7,966	10,006	8,804	6,487	7,649	8,643	7,649	8,643
Receipts	30,303	28,623	25,568	32,914	32,914	32,914	32,914	32,914
Net Transfers	0	0	0	0	0	0	0	0
Expenditures	28,353	30,053	27,884	31,753	31,920	31,902	31,920	31,902
Balance Forward Out	9,916	8,576	6,487	7,649	8,643	9,656	8,643	9,656
<i>Biennial Change in Expenditures</i>				1,231		4,184		4,184
<i>Biennial % Change in Expenditures</i>				2		7		7
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	29.8	29.2	30.0	29.7	30.5	30.2	30.5	30.2

5300 - Risk Management

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	22,255	23,117	24,409	24,726	21,597	19,657	21,597	19,657
Receipts	12,694	11,765	11,964	11,555	11,555	11,555	11,555	11,555
Expenditures	12,061	10,607	11,646	14,685	13,496	13,419	13,496	13,419
Balance Forward Out	22,888	24,275	24,726	21,597	19,657	17,793	19,657	17,793
<i>Biennial Change in Expenditures</i>				3,664		584		584
<i>Biennial % Change in Expenditures</i>				16		2		2
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	11.6	11.4	10.5	11.6	12.2	12.1	12.2	12.1

Program: Government and Citizen Services
Activity: Small Agency Resource Team

<http://mn.gov/admin/government/small-agency/>

AT A GLANCE

- Serves 20 diverse agencies, boards, and councils
- Financial guidance for budgets totaling \$65 million in FY17
- Human resource services for 300 employees in FY17

PURPOSE & CONTEXT

The Small Agency Resource Team (SmART) provides accounting, budgeting, and human resources services to small agencies, boards, and councils.

Our staff learn the business needs of our customers and provide expert technical knowledge of policies, procedures,

and best practices to help customers operate successfully. We eliminate the need for customers to hire dedicated administrative staff to handle these transactional functions so that each small agency, board, and council can focus on its core mission. Additionally, we provide an outlet for each customer to plug in to the wide range of compliance activities (e.g. annual spending plans, affirmative action plans, etc.) required in the large and dynamic state government environment.

Our program is required by statute to serve the state's three Ethnic Councils, the Indian Affairs Council, and the Minnesota State Council on Disability, enabling resources directed to these entities to be put to work in support of the state's goals surrounding diversity and inclusion in public programs and services. We also serve a variety of voluntary participants ranging from the Minnesota Racing Commission to the Minnesota Department of Human Rights.

The majority of our resources come from a General Fund appropriation, which supports the smallest agencies. We also enter into pay agreements with several customers who have the desire, need, and ability to obtain these finance and human resources services at a greater value and lower cost than hiring administrative staff directly.

SERVICES PROVIDED

SmART provides customers with the financial and human resources information and services they need to operate effectively and efficiently:

- State policies, procedures and legal requirements
- Transaction work

Specific services provided include: affirmative action planning; payroll services; entering personnel transactions; benefits administration; performance management and labor relations; classification and compensation analysis; vacancy filling; budget support; biennial budget guidance and entry; fiscal note assistance and processing; budget entries; processing of purchase orders, professional/technical contracts, grant contracts, inter-agency agreements, annual plans and employee business/travel reimbursements; payment processing; deposits; reporting; and training.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Customer rating (Scale of 1-5 with 5 being outstanding)	4	4.65	2013 2015
Results	General Fund savings achieved through SmART when compared to costs for each agency, board, or council to perform same duties independently	38%	39%	2014 2016

M.S. 16B.371 (<https://www.revisor.mn.gov/statutes/?id=16B.371>) provides the legal authority for this activity.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
1000 - General	332	515	400	496	453	453	453	453
2001 - Other Misc Special Revenue	37	72	232	278	294	300	294	300
Total	370	586	631	775	747	753	747	753
<i>Biennial Change</i>				450		94		94
<i>Biennial % Change</i>				47		7		7
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Category

Compensation	334	456	583	626	639	665	639	665
Operating Expenses	36	53	49	147	107	87	107	87
Other Financial Transactions	0	77	0	1	1	1	1	1
Total	370	586	631	775	747	753	747	753
<u>Full-Time Equivalents</u>	4.8	5.9	7.5	8.0	8.0	8.2	8.0	8.2

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	101	0	43	0	0	0	0
Direct Appropriation	433	433	443	453	453	453	453	453
Net Transfers		(19)						
Expenditures	332	515	400	496	453	453	453	453
Balance Forward Out	101	0	43	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				49		11		11
<i>Biennial % Change in Expenditures</i>				6		1		1
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	4.6	4.9	4.8	4.7	4.7	4.8	4.7	4.8

2001 - Other Misc Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	0	6	11	36	0	0	0	0
Receipts	44	71	256	243	294	300	294	300
Expenditures	37	72	232	278	294	300	294	300
Balance Forward Out	6	6	36	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				401		84		84
<i>Biennial % Change in Expenditures</i>				368		16		16
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.2	1.1	2.8	3.4	3.4	3.4	3.4	3.4

Program: Strategic Management Services

<http://www.mn.gov/admin>

AT A GLANCE

- Administration of the agency's \$170 million budget in FY17
- Human resource services for nearly 1,000 employees in three agencies and 20 small boards and commissions in FY17
- Oversight of diversity and inclusion initiatives in state purchasing
- Incorporation of sustainable practices in state operations
- Strategic direction and oversight of 15 diverse business activities ranging from the State Archaeologist to statewide purchasing
- Oversight and improvement to agency's internal controls

PURPOSE & CONTEXT

Strategic Management Services seeks to ensure the agency is meeting its mission to benefit all Minnesotans by leading innovation, creating solutions, and providing exceptional services. This is done by setting and communicating the agency's strategic vision and establishing and monitoring performance standards.

The department is able to leverage the enterprise scale of its services to assist agencies in meeting key human resource and facility needs. Our Human Resource division serves nearly 1,000 employees and is able to help the entities create and serve a workforce that is reflective of Minnesota's diversity. Similarly, the department is well positioned to ensure that state operations are sustainable with a reduced carbon footprint.

In addition to agency employees, other critical stakeholders include the Governor's Office, state agencies, the Legislature, media, local government, and citizens. This program is funded by the General Fund.

SERVICES PROVIDED

Strategic Management Services provides agency leadership in the following areas:

- Executive Support
- Communications and Legislative Affairs
- Financial Management
- Human Resources
- Internal Audit
- Continuity of Government/Continuity of Operations Planning
- Information Technology

Specific services provided include: agency leadership and communications; direct enterprise sustainability; coordinate legislative activities; compliance with data practices laws; plan for business continuation and emergency preparedness and continuity of government planning; fill vacancies and recruit and retain staff; train and develop employees; manage employee performance; prepare, monitor, and report on budgets; process financial transactions including purchasing, payments, deposits, and employee reimbursements; complete fiscal notes; develop policies, procedures, and training; promote strong internal controls and accountability; and complete internal audits.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Agency staff ranking of employee engagement in providing efficient services to other agencies, other government groups, and the community (Scale of 1-5 with 5 being high)	3.82	3.88	2012 2014
Quantity	Percent of agency staff receiving performance appraisals	100%	100%	2014 2016
Quality	Percent of payments made in a timely manner	97%	98%	2014 2016

The legal authority for Administrative Management Services comes from M.S. 16B (<https://www.revisor.mn.gov/statutes/?id=16B>).

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	1,538	1,808	1,822	2,094	1,976	1,976	2,184	2,250
2000 - Restrict Misc Special Revenue	0	25	0	0	0	0	0	0
2001 - Other Misc Special Revenue	0	0	91	150	0	0	0	0
3800 - Permanent School	0	0	131	719	300	300	300	300
Total	1,538	1,833	2,044	2,963	2,276	2,276	2,484	2,550
Biennial Change				1,636		(454)		28
Biennial % Change				49		(9)		1
Governor's Change from Base								482
Governor's % Change from Base								11

Expenditures by Budget Activity

Budget Activity: Exec Support Leadership/Partnerships	497	652	650	727	572	572	780	846
Budget Activity: Financial Mgmt And Reporting	683	816	703	862	791	791	791	791
Budget Activity: Human Resources-Administration	359	364	383	463	428	428	428	428
Budget Activity: School Trust Lands	0	0	309	911	485	485	485	485
Total	1,538	1,833	2,044	2,963	2,276	2,276	2,484	2,550

Expenditures by Category

Compensation	1,176	1,217	1,495	1,808	1,684	1,680	1,892	1,954
Operating Expenses	346	374	545	1,142	582	588	582	588
Other Financial Transactions	9	242	4	13	10	8	10	8
Capital Outlay-Real Property	7	0	0	0	0	0	0	0
Total	1,538	1,833	2,044	2,963	2,276	2,276	2,484	2,550

Full-Time Equivalents

14.3	14.2	16.0	18.6	17.3	17.0	18.9	19.0
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	274	0	123	0	0	0	0
Direct Appropriation	1,807	1,942	1,975	2,009	2,009	2,009	2,217	2,283
Net Transfers	(24)	(194)	(30)	(38)	(33)	(33)	(33)	(33)
Cancellations	0	213	0	0	0	0	0	0
Expenditures	1,538	1,808	1,822	2,094	1,976	1,976	2,184	2,250
Balance Forward Out	245	0	123	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				570		37		519
<i>Biennial % Change in Expenditures</i>				17		1		13
<i>Gov's Exp Change from Base</i>								482
<i>Gov's Exp % Change from Base</i>								12
Full-Time Equivalents	14.3	14.2	16.0	16.1	15.8	15.5	17.4	17.5

2000 - Restrict Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	13	38	13	13	13	13	13	13
Receipts	25	0	0	0	0	0	0	0
Expenditures	0	25	0	0	0	0	0	0
Balance Forward Out	38	13	13	13	13	13	13	13
<i>Biennial Change in Expenditures</i>				(25)				
<i>Biennial % Change in Expenditures</i>				(100)				

2001 - Other Misc Special Revenue

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	1	0	0	0	0
Receipts	0	0	0	43	0	0	0	0
Net Transfers	0	0	92	106	0	0	0	0
Expenditures	0	0	91	150	0	0	0	0
Balance Forward Out	0	0	1	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				241		(241)		(241)
<i>Biennial % Change in Expenditures</i>						(100)		(100)
Full-Time Equivalents				0.9				

3800 - Permanent School

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	0	0	169	0	0	0	0
Net Transfers	0	0	300	550	300	300	300	300
Expenditures	0	0	131	719	300	300	300	300
Balance Forward Out	0	0	169	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				850		(250)		(250)
<i>Biennial % Change in Expenditures</i>						(29)		(29)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents			0.0	1.5	1.5	1.5	1.5	1.5

Program: Fiscal Agent

AT A GLANCE

- Administered and managed 35 public broadcasting General Fund grant contracts to 21 grantees in FY16
- Administered and managed 41 Arts and Cultural Heritage grant contracts to public broadcasting stations, museums, zoos, small theatres, cities, and nonprofits in FY16
- Conducted 36 financial reconciliations and monitoring visits with grantees in FY16

PURPOSE & CONTEXT

The fiscal agent function ensures that grants and other special funding received through specific appropriations are distributed and managed according to all applicable laws, statutes, policies, and procedures. Administration of these funds allows us to provide value to the recipients and public by ensuring resources are used as intended.

The fiscal agent function serves a variety of entities representing public television and radio; Arts and Cultural Heritage grantees representing museums, zoos, small theatres and local government; and other funds appropriated by the legislature.

Funding for these activities generally comes from general fund appropriations and the Arts and Cultural Heritage Fund.

SERVICES PROVIDED

The fiscal agent function oversees funding for:

- Public television and noncommercial radio station General Fund grants (M.S. 129D.11-16)
- Arts and Cultural Heritage Fund grants
- Other funding:
 - In lieu of rent**
 - Rent Waived – space occupied in the Capitol, State Office, and Veterans Service buildings by the House of Representatives, Senate, Revisor of Statutes, Legislative Reference Library and Congressionally chartered veterans' organizations.
 - Ceremonial areas – space in the Capitol such as the rotunda, the governor's residence, and ceremonial grounds and monuments/memorials in the Capitol area.
 - Services for the Blind – space occupied by blind vending operators in buildings under our custodial control.
 - Capitol rent loss and relocation**
 - Relocation – includes physical move costs required for the Capitol restoration project.
 - Rent Loss – pays expenses that will continue to be incurred in vacant spaces in the Capitol, such as utility services, building maintenance, and limited custodial services. Rent appropriated for Rent Waived is used to pay rent in the temporary spaces.
- Other legislatively assigned grants

Specific services provided include: administer grants and ensure state grant policies and procedures are followed; provide consultation and technical assistance to grantees; conduct focus groups with grantees to improve effectiveness; maintain information on the state's Legacy website; oversee funding for spaces that are not paid through lease agreements, such as ceremonial areas, services for the blind, and rent waived; and manage capitol building rent loss and relocation expenditures during restoration.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of required reports from grantees received in a timely manner	91.7%	99%	2014, 2016

M.S. 16B (<https://www.revisor.mn.gov/statutes/?id=16B>) provides the legal authority for this program.

(Dollars in Thousands)

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
1000 - General	14,460	11,733	11,714	13,030	10,777	10,777	11,993	12,010
2301 - Arts & Cultural Heritage Fund	10,047	9,282	11,165	9,772	264	0	264	0
2403 - Gift	0	0	0	115	389	0	389	0
Total	24,507	21,015	22,879	22,917	11,429	10,777	12,645	12,010
<i>Biennial Change</i>				274		(23,590)		(21,141)
<i>Biennial % Change</i>				1		(52)		(46)
<i>Governor's Change from Base</i>								2,449
<i>Governor's % Change from Base</i>								11

Expenditures by Budget Activity

Budget Activity: Public Broadcasting	9,992	9,823	10,321	9,193	2,826	2,619	2,826	2,619
Budget Activity: In Lieu Of Rent	8,003	7,683	7,999	8,317	8,158	8,158	9,374	9,391
Budget Activity: Misc								
Grants/Studies/Others	6,512	3,509	4,558	5,407	445	0	445	0
Total	24,507	21,015	22,879	22,917	11,429	10,777	12,645	12,010

Expenditures by Category

Compensation	38	99	104	85	0	0	0	0
Operating Expenses	11,535	9,116	8,135	10,413	8,547	8,158	9,763	9,391
Other Financial Transactions	408	443	480	459	137	127	137	127
Grants, Aids and Subsidies	12,526	11,357	12,067	10,576	2,745	2,492	2,745	2,492
Capital Outlay-Real Property	0	0	2,092	1,385	0	0	0	0
Total	24,507	21,015	22,879	22,917	11,429	10,777	12,645	12,010

Full-Time Equivalents

	0.4	1.0	1.0	0.6		
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1000 - General

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	0	1,587	0	1,243	0	0	0	0
Direct Appropriation	15,937	10,777	12,957	11,787	10,777	10,777	11,993	12,010
Receipts	0	0	641	0	0	0	0	0
Net Transfers	0	0	(641)	0	0	0	0	0
Cancellations	0	631	0	0	0	0	0	0
Expenditures	14,460	11,733	11,714	13,030	10,777	10,777	11,993	12,010
Balance Forward Out	1,477	0	1,243	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(1,449)		(3,190)		(741)
<i>Biennial % Change in Expenditures</i>				(6)		(13)		(3)
<i>Gov's Exp Change from Base</i>								2,449
<i>Gov's Exp % Change from Base</i>								11

2301 - Arts & Cultural Heritage Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	1,103	1,122	439	1,421	264	0	264	0
Direct Appropriation	9,605	8,925	12,398	8,785	0	0	0	0
Net Transfers	(96)	(89)	(183)	(170)	0	0	0	0
Cancellations	0	371	68	0	0	0	0	0
Expenditures	10,047	9,282	11,165	9,772	264	0	264	0
Balance Forward Out	565	305	1,421	264	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,607		(20,674)		(20,674)
<i>Biennial % Change in Expenditures</i>				8		(99)		(99)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0
Full-Time Equivalents	0.4	1.0	1.0	0.6				

2403 - Gift

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base		Governor's Recommendation	
					FY18	FY19	FY18	FY19
Balance Forward In	6	6	6	7	393	6	393	6
Receipts	0	0	2	500	2	0	2	0
Expenditures	0	0	0	115	389	0	389	0
Balance Forward Out	6	6	7	393	6	6	6	6
<i>Biennial Change in Expenditures</i>				115		274		274

2403 - Gift

<i>Biennial % Change in Expenditures</i>		238	238
<i>Gov's Exp Change from Base</i>			0
<i>Gov's Exp % Change from Base</i>			0

3002 - Oil Overcharge

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecast Base FY18	FY19	Governor's Recommendation FY18	FY19
Balance Forward In	3	3	3	3	3	3	3	3
Balance Forward Out	3	3	3	3	3	3	3	3

FY 2018-19 Federal Funds Summary

(Dollars in Thousands)

Federal Agency and CFDA #	Federal Award Name and Brief Purpose	New Grant	FY2016 Actuals	FY2017 Budget	FY2018 Base	FY2019 Base	Required State Match or MOE?	FTEs
Health and Human Services 93.630	Federal Assistance to State Developmental Disabilities Councils—DD Act Subtitle B; at least 70% of federal assistance is re-granted to program activities leading to increased independence, productivity, self-determination, integration and inclusion of individuals with developmental disabilities and their families in the community.		938	1,099	1,055	1,047	Yes	2.6
Health and Human Services 93.464	The State Grant for Assistive Technology Program supports state efforts to improve assistive technology services to individuals with disabilities of all ages through comprehensive, consumer responsive statewide programs such as device demonstration, device loan and activities to reuse older devices.		450	710	630	716	No	3.4
Defense Logistics Agency – Department of Defense 12.002	The PTAC is expected to make a concerted effort to seek out and assist small business concerns, small disadvantaged business concerns, women-owned business concerns, HUBZone business concerns, service disabled veteran-owned business concerns, historically black colleges or universities and Minority Institutions.	Yes			550	550	Yes	4.5
	Program Total		1,388	1,809	2,235	2,313		10.5
	Federal Fund – Agency Total		1,388	1,809	2,235	2,313		10.5

Narrative:

The Governor's Council on Developmental Disabilities (DDC) receives an annual formula grant from the US Department of Health and Human Services, under a federal program, with state participation, to provide assistance to state councils for the benefit of individuals with developmental disabilities and their families in the state (Developmental Disabilities Assistance & Bill of Rights Act of 2000, P.L. 106-402). This program requires Maintenance of Efforts (MOE) by the states. The federal share of the cost of all program and operating activities cannot be more than 75% of the aggregate cost of such activities. The remaining 25% share of aggregate costs is the non-federal share that is provided by the state and sub-grantees. The federal act requires reasonable participation by the state. The DDC currently receives \$74,000 from the state's general fund. Federal funding is expected to remain at its current level through 2019.

The System of Technology to Achieve Results (STAR) Program currently receives an annual discretionary formula grant, which is funded under the Assistive Technology Act of 2004, as amended (AT Act), P.L. 108, 364. This federal grant is administered by the U.S. Department of Health and Human Services Administration for Community Living. Under the grant, programs may carry-over one year of funding. STAR began using its federal fiscal year 2016 grant in October 2016. A partial award for federal fiscal year 2017 in the amount of \$93,739 has been appropriated under a Continuing Resolution. It is anticipated that the final 2017 grant award will not be issued until March of 2017. STAR does not receive any state funding.

The Minnesota PTAC program (Procurement Technical Assistance Program) provides technical and marketing assistance to small Minnesota businesses to prepare and support them to sell product and services to federal, state and local government agencies. The program has been most recently hosted by MEDA (Metropolitan Economic Development Agency), however their agreement to host ends on June 30, 2017. They do not intend to host the program beyond that date.

The funds will be matched with roughly \$550K in State funds that are currently appropriated to the Office of Equity in Procurement. The Office is charged with working with small, economically disadvantaged businesses, as well as businesses owned by women, minorities, veterans and people with substantial physical disabilities. The Office provides assistance with State certification, navigating State procurement, and connecting business owners with contracting opportunities within the State. The federal funding will allow the State to expand its services to all small businesses to include market identification, contracting regulations/compliance assistance, bidding and proposal development, ongoing technical support, training in basic business acumen, and assistance navigating federal and local government contracting.

The basis for the \$550K estimate is both salary and operating expenses of the Office of Equity in Procurement. No major funding levels or trends are anticipated that will impact the future of the award.

Department of Administration
Facilities Management - MN Bookstore
Fund 4500
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	1,192	1,192	1,192	1,192
Rental and Service Fees	0	0	0	0
Insurance Premiums	0	0	0	0
Other Income	0	0	0	0
Total Operating Revenues	1,192	1,192	1,192	1,192
Gross Margin	853	800	800	800
Operating Expenses:				
Purchased Services	179	161	160	160
Salaries and Fringe Benefits	442	439	440	450
Claims	0	0	0	0
Depreciation	0	0	0	0
Amortization	4	4	4	4
Supplies and Materials	10	8	10	10
Indirect Costs	57	33	34	34
Other Expenses	6	6	6	6
Total Operating Expenses	698	651	654	664
Operating Income (Loss)	155	149	146	136
Nonoperating Revenues (Expenses):				
Investment Income	0	0	0	0
Interest and Financing Costs	0	0	0	0
Other Nonoperating Expenses	0	0	0	0
Gain (Loss) on Disposal of Capital Assets	2	0	0	0
Total Nonoperating Revenues (Expenses)	2	0	0	0
Income (Loss) Before Transfers and Contributions	157	149	146	136
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	157	149	146	136
Net Assets, Beginning as Reported	276	433	582	728
Net Assets, Ending	433	582	728	864
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	6.6	6.9	7.2	7.2

Department of Administration
Facilities Management - MN Bookstore
Fund 4500
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	599	611
Investments	0	0
Accounts Receivable	19	19
Accrued Investment/Interest Income	0	0
Inventories	489	590
Deferred Costs	0	0
Total Current Assets	1,107	1,220
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	8	8
Total Noncurrent Assets	8	8
Total Assets	1,115	1,228
LIABILITIES		
Current Liabilities:		
Accounts Payable	145	180
Interfund Payables	0	0
Unearned Revenue	17	18
Loans Payable	0	0
Compensated Absences Payable	14	16
Total Current Liabilities	176	214
Noncurrent Liabilities:		
Loans Payable	0	122
Compensated Absences Payable	90	90
Other Liabilities	9	9
Total Noncurrent Liabilities	99	221
Total Liabilities	275	435
Deferred Pension Outflow	70	70
Net Pension Liability	(211)	(211)
Deferred Pension Inflow	(266)	(266)
	(407)	(407)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	8	8
Unrestricted	425	574
Total Net Assets	433	582

Department of Administration
Facilities Management - MN Bookstore
Fund 4500
Brief Narrative

Background:

Minnesota's Bookstore, an enterprise fund, provides publishing and retail services to state agencies, publishes the State Register, and manages the sale of public data from select state agency licensing files.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience.

Explain any reasons for rate changes:

To reduce retained earnings, State Register billable page fees were waived through FY 2017.

Impact of rate changes on affected agencies:

State Register customers will not be billed for billable pages from September 2014 through June 2017.

Department of Administration
Plant Management - Central Mail
Fund 5203
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	9,117	9,544	9,585	9,627
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	9,117	9,544	9,585	9,627
Gross Margin	9,117	9,544	9,585	9,627
Operating Expenses:				
Purchased Services	8,546	9,146	8,962	8,962
Salaries and Fringe Benefits	451	600	617	627
Claims	0	0	0	0
Depreciation	9	101	100	100
Amortization	0	0	0	0
Supplies and Materials	116	85	85	85
Indirect Costs	8	9	9	9
Other Expenses	0	1	10	10
Total Operating Expenses	9,130	9,942	9,783	9,793
Operating Income (Loss)	(13)	(398)	(198)	(166)
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(13)	(398)	(198)	(166)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(13)	(398)	(198)	(166)
Net Assets, Beginning as Reported	1,451	1,438	1,040	842
Net Assets, Ending	1,438	1,040	842	676
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	9.1	8.9	9.1	9.0

Department of Administration
Plant Management - Central Mail
Fund 5203
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	0	155
Investments	0	0
Accounts Receivable	1,805	667
Accrued Investment/Interest Income	0	0
Inventories	5	5
Deferred Costs	1,138	500
Total Current Assets	2,948	1,327
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)	579	1,363
Total Noncurrent Assets	579	1,363
Total Assets	3,527	2,690
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,611	1,169
Interfund Payables	0	0
Unearned Revenue	0	0
Loans Payable	0	0
Compensated Absences Payable	4	7
Total Current Liabilities	1,615	1,176
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	38	38
Other Liabilities	14	14
Total Noncurrent Liabilities	52	52
Total Liabilities	1,667	1,228
Deferred Pension Outflow	73	73
Net Pension Liability	(219)	(219)
Deferred Pension Inflow	(276)	(276)
	(422)	(422)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	579	1,363
Unrestricted	859	(323)
Total Net Assets	1,438	1,040

**Administration
Plant Management
Central Mail ISF
Brief Narrative**

Background:

The Central Mail internal service fund (ISF) provides inserting, addressing, folding services and postage automating services to customers which are primarily state agencies located in St. Paul.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

Loading dock improvement/replacement \$233,400; Replaced Optical Character Recognition in late FY 2016

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience. Operating income increased due in part to revenues being higher than anticipated. Retained earnings reductions are due to planned losses.

Explain any reasons for rate changes:

No rate changes.

Impact of rate changes on affected agencies:

No impact.

Department of Administration
Office of State Procurement - COOP Purchasing and MMCAP
Fund 4501
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	23,344	23,957	26,002	26,002
Rental and Service Fees				
Insurance Premiums				
Other Income	178	72	72	72
Total Operating Revenues	23,522	24,029	26,074	26,074
Gross Margin	23,522	24,029	26,074	26,074
Operating Expenses:				
Purchased Services	2,758	3,805	3,800	3,800
Salaries and Fringe Benefits	5,666	7,707	8,010	8,153
Claims	0	0	0	0
Depreciation	0	0	0	0
Amortization	0	0	0	0
Supplies and Materials	105	44	15	15
Indirect Costs	132	107	110	110
Other Expenses	41	180	165	165
Total Operating Expenses	8,702	11,843	12,100	12,243
Operating Income (Loss)	14,820	12,186	13,974	13,831
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses	(12,545)	(12,708)	(12,689)	(12,673)
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	(12,545)	(12,708)	(12,689)	(12,673)
Income (Loss) Before Transfers and Contributions	2,275	(522)	1,285	1,158
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	2,275	(522)	1,285	1,158
Net Assets, Beginning as Reported	8,959	11,234	10,712	11,997
Net Assets, Ending	11,234	10,712	11,997	13,155
Rate increase/(decrease)	*See Note	*See Note	*See Note	*See Note
Full Time Equivalents	54.5	72.6	79.9	79.7

* Note: Contract fees paid by vendors are determined on a case-by case basis and may increase or decrease as specified contracts are negotiated.

Department of Administration
Office of State Procurement - COOP Purchasing and MMCAP
Fund 4501
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	34,997	39,345
Investments	0	0
Accounts Receivable	4,278	4,400
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	0	0
Total Current Assets	39,275	43,745
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	0	0
Total Noncurrent Assets	0	0
Total Assets	39,275	43,745
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,654	28,645
Interfund Payables	0	0
Unearned Revenue	0	0
Loans Payable	0	0
Compensated Absences Payable	35	36
Total Current Liabilities	23,689	28,681
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	342	342
Other Liabilities	65	65
Total Noncurrent Liabilities	407	407
Total Liabilities	24,096	29,088
Deferred Pension Outflow	678	678
Net Pension Liability	(2,044)	(2,044)
Deferred Pension Inflow	(2,579)	(2,579)
	(3,945)	(3,945)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	0	0
Unrestricted	11,234	10,712
Total Net Assets	11,234	10,712

Department of Administration
Office of State Procurement - COOP Purchasing and MMCAP
Fund 4501
Brief Narrative

Background:

Materials Management Division operates a cooperative purchasing program for Minnesota's local units of government and other authorized entities and the Minnesota Multi-State Contracting Alliance for Pharmacy (MMCAP), a pharmaceutical purchasing program on behalf of 48 states. The cooperative purchasing program is a self-sustaining enterprise fund.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience. Projections for revenue and expenses are based on changes in generic pharmaceutical contracts.

Explain any reasons for rate changes:

Contract fees paid by vendors are determined on a case-by-case basis and may either increase or decrease as specific contracts are negotiated.

Impact of rate changes on affected agencies:

None

Department of Administration
Fleet and Surplus Services
Fund 5100 - Fleet Services
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	13,216	11,528	17,196	17,082
Rental and Service Fees	0	0	0	0
Insurance Premiums	0	0	0	0
Other Income	71	0	0	0
Total Operating Revenues	13,287	11,528	17,196	17,082
Gross Margin	13,287	11,528	17,196	17,082
Operating Expenses:				
Purchased Services	847	1,333	2,117	2,262
Salaries and Fringe Benefits	551	719	756	756
Claims	0	0	0	0
Depreciation	5,443	5,013	5,050	5,050
Amortization	0	0	0	0
Supplies and Materials	4,374	6,091	5,348	5,493
Indirect Costs	222	269	269	169
Other Expenses	128	3	12	12
Total Operating Expenses	11,565	13,428	13,552	13,742
Operating Income (Loss)	1,722	(1,900)	3,644	3,340
Nonoperating Revenues (Expenses):				
Investment Income	95	92	92	92
Interest and Financing Costs	(189)	(190)	(190)	(190)
Other Nonoperating Expenses	(2,010)	0	0	0
Gain (Loss) on Disposal of Capital Assets	759	790	750	750
Total Nonoperating Revenues (Expenses)	(1,345)	692	652	652
Income (Loss) Before Transfers and Contributions	377	(1,208)	4,296	3,992
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	377	(1,208)	4,296	3,992
Net Assets, Beginning as Reported	13,617	13,994	12,786	17,082
Net Assets, Ending	13,994	12,786	17,082	21,074
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	7.8	8.6	8.9	8.9

Department of Administration
Fleet and Surplus Services
Fund 5100 - Fleet Services
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	3,332	2,500
Investments	0	0
Accounts Receivable	1,205	1,300
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	0	0
Total Current Assets	4,537	3,800
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)	25,499	25,499
Total Noncurrent Assets	25,499	25,499
Total Assets	30,036	29,299
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,057	2,500
Interfund Payables	0	0
Unearned Revenue	0	0
Loans Payable	5,953	5,596
Compensated Absences Payable	6	7
Total Current Liabilities	8,016	8,103
Noncurrent Liabilities:		
Loans Payable	7,416	7,800
Compensated Absences Payable	60	60
Other Liabilities	10	10
Total Noncurrent Liabilities	7,486	7,870
Total Liabilities	15,502	15,973
Deferred Pension Outflow	93	93
Net Pension Liability	(280)	(280)
Deferred Pension Inflow	(353)	(353)
	(540)	(540)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	25,499	25,499
Unrestricted	(11,505)	(12,713)
Total Net Assets	13,994	12,786

**Department of Administration
Fleet and Surplus Services
Fund 5100 - Fleet Services
Brief Narrative**

Background:

Fleet Services, an internal service fund, provides long term vehicle leasing services and fleet management.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

Installation of telematics \$211,500; electric hybrid initiative \$300,000; electric charging stations \$500,000; M5 subsystem enhancements \$20,500

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience. There will be a net reduction in net assets based on lower lease rates.

Explain any reasons for rate changes:

To optimize vehicle utilization and ensure that retained earnings are within the allowable working capital guidelines.

Impact of rate changes on affected agencies:

Agencies will realize a reduction in lease rates and a reduced cost for state vehicle travel.

Department of Administration
Plant Management - Leases
Fund 5400
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	65,295	70,274	69,256	71,644
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	65,295	70,274	69,256	71,644
Gross Margin	65,295	70,274	69,256	71,644
Operating Expenses:				
Purchased Services	14,173	15,338	19,535	18,947
Salaries and Fringe Benefits	10,871	16,000	16,367	16,737
Claims	2	0	0	0
Depreciation	524	585	577	590
Amortization	0	0	0	0
Supplies and Materials	10,222	10,837	1,754	1,787
Indirect Costs	824	917	888	905
Other Expenses	220	521	507	518
Total Operating Expenses	36,836	44,198	39,628	39,484
Operating Income (Loss)	28,459	26,076	29,628	32,160
Nonoperating Revenues (Expenses):				
Investment Income				
Interest and Financing Costs				
Other Nonoperating Expenses		(2,000)		
Gain (Loss) on Disposal of Capital Assets	34	3	3	3
Total Nonoperating Revenues (Expenses)	34	(1,997)	3	3
Income (Loss) Before Transfers and Contributions	28,493	24,079	29,631	32,163
Capital Contributions				
Transfers in				
Transfers out	(30,205)	(30,205)	(30,842)	(30,554)
Change in Net Assets	(1,712)	(6,126)	(1,211)	1,609
Net Assets, Beginning as Reported	6,499	4,787	(1,339)	(2,550)
Net Assets, Ending	4,787	(1,339)	(2,550)	(941)
Rate increase/(decrease)	2.9%	3.4%	3.4%	3.4%
Full Time Equivalents	218.9	235.2	247.4	248.0

Department of Administration
Plant Management - Leases
Fund 5400
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	15,618	12,922
Investments		
Accounts Receivable	901	450
Accrued Investment/Interest Income		
Inventories	153	153
Deferred Costs	1	0
Total Current Assets	16,673	13,525
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)	8,991	6,900
Total Noncurrent Assets	8,991	6,900
Total Assets	25,664	20,425
LIABILITIES		
Current Liabilities:		
Accounts Payable	7,784	9,500
Interfund Payables		
Unearned Revenue		
Loans Payable		0
Compensated Absences Payable	224	223
Total Current Liabilities	8,008	9,723
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	1,358	1,358
Other Liabilities	294	294
Total Noncurrent Liabilities	1,652	1,652
Total Liabilities	9,660	11,375
Deferred Pension Outflow	1,930	1,454
Net Pension Liability	(5,813)	(9,500)
Deferred Pension Inflow	(7,334)	(11,334)
	(11,217)	(19,380)
NET ASSETS		
Invested in Capital Assets,		
Net of Related Debt	8,991	8,991
Unrestricted	(4,204)	(10,330)
Total Net Assets	4,787	(1,339)

Department of Administration
Plant Management - Leases
Fund 5400
Brief Narrative

Background:

The PMD internal service fund (ISF) is made up of two activities: leases, and repair and other jobs. The predominant customers are state agencies located in custodial control buildings that pay for space through lease rental rates.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

Enterprise Building Integrator (EBI) software upgrade \$400,000 in FY 2015

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience.

Explain any reasons for rate changes:

Overall Lease rates will increase by 3.4% from FY 2017 to FY 2019. Repairs and Other Jobs (ROJ) hourly rate increased 9.9% in FY 2017. The regularly hourly rate will increase from \$65.50 to \$72.00; and premium hourly rate will increase from \$78.60 to \$86.40 from FY 2016 to FY 2017.

Impact of rate changes on affected agencies:

The ROJ 9.9% rate increase will allow ROJ to cover costs and provide quality services while remaining competitively priced. Most ROJ expenses are variable depending on business volume with little opportunity for reduction. It's expected billable hours will be the same for FY 2016 and FY 2017.

Department of Administration
Risk Management - Property & Casualty
Fund 5300
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	50	55	55	55
Rental and Service Fees				
Insurance Premiums	11,760	11,350	11,350	11,350
Other Income				
Total Operating Revenues	11,810	11,405	11,405	11,405
Gross Margin	11,810	11,405	11,405	11,405
Operating Expenses:				
Purchased Services	4,604	5,021	4,983	4,983
Salaries and Fringe Benefits	1,184	1,321	1,472	1,394
Claims	1,140	4,879	4,879	4,879
Depreciation	37	37	37	37
Amortization	0	0	0	0
Supplies and Materials	8	7	11	11
Indirect Costs	235	62	66	66
Other Expenses	2	4	4	4
Total Operating Expenses	7,210	11,331	11,452	11,374
Operating Income (Loss)	4,600	74	(47)	31
Nonoperating Revenues (Expenses):				
Investment Income	170	150	150	150
Interest and Financing Costs				
Other Nonoperating Expenses	(2,519)	(3,466)	(2,100)	(2,100)
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	(2,349)	(3,316)	(1,950)	(1,950)
Income (Loss) Before Transfers and Contributions	2,251	(3,242)	(1,997)	(1,919)
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	2,251	(3,242)	(1,997)	(1,919)
Net Assets, Beginning as Reported	12,237	14,488	11,246	9,249
Net Assets, Ending	14,488	11,246	9,249	7,330
Rate increase/(decrease)	0%	-10%	0%	0%
Full Time Equivalents	10.6	11.6	12.2	12.1

Department of Administration
Risk Management - Property & Casualty
Fund 5300
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	24,964	25,876
Investments	0	0
Accounts Receivable	297	295
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	39	25
Total Current Assets	25,300	26,196
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	296	259
Total Noncurrent Assets	296	259
Total Assets	25,596	26,455
LIABILITIES		
Current Liabilities:		
Accounts Payable	245	245
Interfund Payables	0	0
Unearned Revenue	145	145
Loans Payable	9,523	13,108
Compensated Absences Payable	32	32
Total Current Liabilities	9,945	13,530
Noncurrent Liabilities:		
Loans Payable	0	
Compensated Absences Payable	205	205
Other Liabilities	13	529
Total Noncurrent Liabilities	218	734
Total Liabilities	10,163	14,264
Deferred Pension Outflow	163	163
Net Pension Liability	(490)	(490)
Deferred Pension Inflow	(618)	(618)
	(945)	(945)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	296	259
Unrestricted	14,192	10,987
Total Net Assets	14,488	11,246

Department of Administration
Risk Management - Property & Casualty
Fund 5300
Brief Narrative

Background:

The property and casualty program operates as an internal service fund, charging fees based on insurance options requested by customers.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

None

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience. Changes in net assets for the property and casualty program increased in FY 2016. This increase is due to good loss experience for both the property reinsurance program (three year through FY 2017) and the purchased aviation policy (three year through FY 2018). These rates create stability in the rates offered to our customers. Dividends represent the return on premium for superior loss and expense experience. We have returned \$10,536,878 in dividends over the past 5 years. The estimated FY 2017 is \$3M.

Explain any reasons for rate changes:

Due to consistent improvements in the loss results over the past five years, in FY 2017 property rates will be decreased by 10% for all deductible levels.

Impact of rate changes on affected agencies:

Most customers that carry property insurance will pay 10% less in FY17, while a few customers will see a slightly higher savings. Premiums for the other lines of coverage will remain the same in FY 2017.

Department of Administration
Fleet and Surplus Services
Fund 4502 - Surplus Services
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017	Projected 2018	Projected 2019
Operating Revenues:				
Net Sales	1,518	1,642	1,642	1,642
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	1,518	1,642	1,642	1,642
Gross Margin	1,518	1,494	1,494	1,494
Operating Expenses:				
Purchased Services	466	750	770	702
Salaries and Fringe Benefits	436	608	594	640
Claims	0	0	0	0
Depreciation	46	52	51	50
Amortization	0	0	0	0
Supplies and Materials	34	44	180	185
Indirect Costs	45	47	47	47
Other Expenses				
Total Operating Expenses	1,027	1,501	1,642	1,624
Operating Income (Loss)	491	(7)	(148)	(130)
Nonoperating Revenues (Expenses):				
Investment Income	0	0	0	0
Interest and Financing Costs	0	0	0	0
Other Nonoperating Expenses	(350)	0	0	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	(350)	0	0	0
Income (Loss) Before Transfers and Contributions	141	(7)	(148)	(130)
Capital Contributions				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Change in Net Assets	141	(7)	(148)	(130)
Net Assets, Beginning as Reported	1,134	1,275	1,268	1,120
Net Assets, Ending	1,275	1,268	1,120	990
Rate increase/(decrease)	0%	0%	0%	0%
Full Time Equivalents	7.2	7.7	7.7	8.1

Department of Administration
Fleet and Surplus Services
Fund 4502 - Surplus Services
Net Assets
(Dollars in Thousands)

	Actual 2016	Projected 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	1,426	1,425
Investments	0	0
Accounts Receivable	49	39
Accrued Investment/Interest Income	0	0
Inventories	0	0
Deferred Costs	0	0
Total Current Assets	1,475	1,464
Noncurrent Assets:		
Deferred Costs	0	0
Depreciable Capital Assets (Net)	420	420
Total Noncurrent Assets	420	420
Total Assets	1,895	1,884
LIABILITIES		
Current Liabilities:		
Accounts Payable	108	105
Interfund Payables	14	14
Unearned Revenue	0	0
Loans Payable	0	0
Compensated Absences Payable	9	9
Total Current Liabilities	131	128
Noncurrent Liabilities:		
Loans Payable	0	0
Compensated Absences Payable	54	54
Other Liabilities	9	9
Total Noncurrent Liabilities	63	63
Total Liabilities	194	191
Deferred Pension Outflow	73	73
Net Pension Liability	(220)	(220)
Deferred Pension Inflow	(278)	(278)
	(425)	(425)
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	420	420
Unrestricted	856	848
Total Net Assets	1,276	1,268

**Department of Administration
Fleet and Surplus Services
Fund 4502 - Surplus Services
Brief Narrative**

Background:

Surplus Services, an enterprise fund, provides redistribution and disposal services for surplus property.

Detail of any loans from the general fund, including dollar amounts:

None

Proposed investments in technology or equipment of \$100,000 or more:

Replace auction software \$225,000.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):

Effective FY 2015 GASB established new accounting and reporting requirements for pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize long-term obligations for pension benefits as a new pension liability and pension expense on financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The increase (decrease) in pension expense that is recognized each fiscal year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the difference between expected and actual experience in the measurement of the total pension liability, assumption changes, and investment experience. The net assets decreased in FY 2016 due to rebates to customers. \$350,000 rebate issued in FY16.

Explain any reasons for rate changes:

None

Impact of rate changes on affected agencies:

None