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Minnesota Management and Budget

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AT A GLANCE

- Approximately 260 employees manage the financial and employee relations responsibilities of the state
- Coordinate biennial budget process for more than 100 agencies, boards, commissions, and the legislative and judicial branches
- Oversee and maintain human resource policy for more than 100 state agencies, boards, and councils, including recruitment, retention, talent management, classification, compensation, and training
- Manage more than \$8 billion in state public debt
- Process an average of 54,000 vendor payments per week
- Process approximately 55,000 employee paychecks twice a month
- The State Employee Group Insurance Program manages health benefits for approximately 127,000 employees, dependents, and retirees
- Responsible for producing twice a year budget and economic forecasts
- Negotiate contracts with 13 state employee bargaining units

PURPOSE

Minnesota Management & Budget (MMB) is responsible for managing state finances, payroll, and human resources and provides systems for daily business operations and information access and analysis.

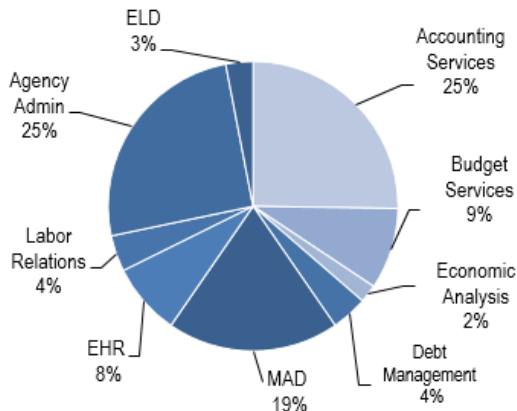
Our mission is to manage state government's financial, workforce, and information resources to support effective and efficient services for Minnesotans. MMB is a central service agency, serving the governor, the legislature, more than 100 state government entities, 55,000 state employees, and the public. MMB priorities include:

- Supporting the governor in establishing policies, and proposing and implementing budgets that benefit the people of Minnesota.
- Providing information that is accessible, consistent, objective, timely, and accurate to state agencies, the legislature, and citizens.
- Providing financial, human resources, and management expertise to help state government meet its goals and responsibilities in an effective and efficient manner.
- Creating a culture in state government that is supportive, constructive, and healthy for our employees.

MMB directly contributes to the statewide outcome of **efficient and accountable government services**.

BUDGET

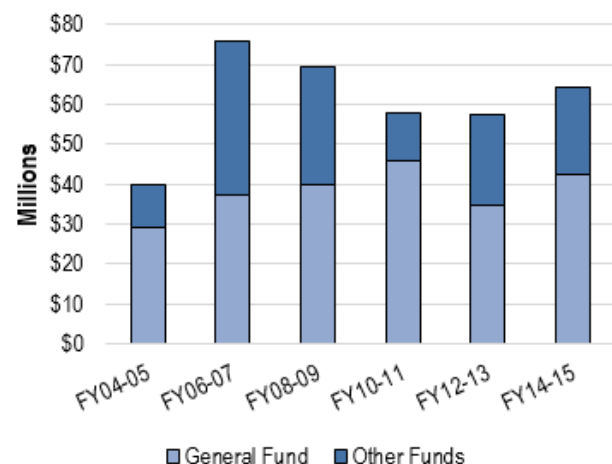
**Spending by Program
FY 15 Actual**



Source: SWIFT

Source: SWIFT

Historical Spending



Source: Consolidated Fund Statement

The fluctuations in general fund spending are the result of the merger of the former Departments of Finance and Employee Relations, and one-time appropriations for system-related projects. The fluctuations in other fund spending are related to the merger (largely tied to SEGIP), statewide systems-related projects, and the increase in MMB's enterprise fund activities (MAD and ELD). Please note that the costs associated with the operation of the State Employees Group Insurance Plan (SEGIP) and the Public Employees Insurance Plan (PEIP) are not reflected in these charts and graphs. Due to the size of the budget of the insurance programs, their costs are only reflected in their respective budget narratives.

As the historical spending graph suggests, the majority of MMB's operating budget is funded through general fund appropriations. For fiscal years 2016 and 2017, \$46 million is provided for core agency activities in accounting, budgeting, economic analysis, debt management, enterprise human resources, labor relations, and management services. Other funds comprise the balance of \$34 million (in special revenue and internal service funds), support a portion of the costs of operating the statewide business systems, and management analysis and training services that are available through MMB. An additional \$18 million has been appropriated from the general fund to pay the debt service costs associated with the building of the state's accounting and procurement system. While not reflected in this document, the estimated costs of the operations of SEGIP for the current biennium are \$1.6 billion, and \$160 million for PEIP. The costs for SEGIP are borne by state agency and employee contributions, and by participant contributions for PEIP.

STRATEGIES

MMB employs several strategies across two program areas to deliver its mission and support the statewide outcome of efficient and accountable government services. These include:

- **Statewide systems** for accounting and human resources necessary to support daily activities of the state
- **Information access**, forecasts and analysis to provide information on state activities and anticipate issues
- **Oversight, controls, and compliance outreach** needed to ensure overall integrity of state operations
- **Decision support activities** for budget development and collective bargaining processes
- **Operations management activities** such as cash management transactions, employee health insurance, management consulting for all agencies, and strategic workforce planning and management

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

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	20,063	22,214	19,928	29,417	23,866	23,866
2000 - Restrict Misc Special Revenue	62	62	69	64	64	64
2001 - Other Misc Special Revenue	11,975	9,834	12,742	11,884	11,882	11,890
4700 - Public Employees Insurance	80,174	94,114	100,664	116,099	116,099	116,099
5200 - Management Analysis	8,335	8,889	7,549	7,298	7,257	7,310
5600 - State Employees Insurance	754,622	829,588	859,348	905,855	959,055	1,017,823
6000 - Miscellaneous Agency	29,592	30,117	33,146	33,601	33,310	33,310
Total	904,822	994,818	1,033,447	1,104,217	1,151,532	1,210,361
<i>Biennial Change</i>				238,024		224,229
<i>Biennial % Change</i>				13		10

Expenditures by Program

Program: Statewide Services	40,435	40,705	40,289	48,663	43,068	43,129
Program: Statewide Insurance Programs	864,387	954,113	993,159	1,055,554	1,108,464	1,167,232
Total	904,822	994,818	1,033,447	1,104,217	1,151,532	1,210,361

Expenditures by Category

Compensation	29,436	23,832	23,189	28,550	26,216	26,417
Operating Expenses	875,131	970,733	1,010,163	1,075,597	1,125,245	1,183,873
Other Financial Transactions	255	253	74	71	71	71
Grants, Aids and Subsidies	0		0			
Capital Outlay-Real Property	0	0	20			
Total	904,822	994,818	1,033,447	1,104,217	1,151,532	1,210,361

Full-Time Equivalents

	297.5	253.5	232.7	239.5	230.8	229.5
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1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	5,442	400	3,043	0	0
Direct Appropriation	37,750	29,872	31,364	34,677	32,671	32,669
Net Transfers	(10,333)	(11,965)	(8,790)	(8,302)	(8,805)	(8,803)
Cancellations	2,009	736	3	0	0	0
Expenditures	20,063	22,214	19,928	29,417	23,866	23,866
Balance Forward Out	5,345	400	3,043	0	0	0
<i>Biennial Change in Expenditures</i>				7,069		(1,613)
<i>Biennial % Change in Expenditures</i>				17		(3)
Full-Time Equivalents	168.2	155.6	139.4	146.2	137.8	136.9

2000 - Restrict Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	5	7	7	8	8	8
Receipts	64	61	71	64	64	64
Expenditures	62	62	69	64	64	64
Balance Forward Out	7	6	8	8	8	8
<i>Biennial Change in Expenditures</i>				9		(5)
<i>Biennial % Change in Expenditures</i>				8		(4)
Full-Time Equivalents	0.0	0.0	0	0	0	0

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	12,933	11,686	12,524	10,750	10,697	10,541
Receipts	11,577	11,718	10,778	11,524	11,422	11,407
Net Transfers	165	(1,117)	190	308	304	304
Expenditures	11,975	9,834	12,742	11,884	11,882	11,890
Balance Forward Out	12,698	12,452	10,750	10,697	10,541	10,362
<i>Biennial Change in Expenditures</i>				2,816		(854)
<i>Biennial % Change in Expenditures</i>				13		(3)
Full-Time Equivalents	53.8	24.2	24.4	24.4	24.4	24.0

4700 - Public Employees Insurance

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	24,058	33,031	35,072	44,765	47,456	50,147
Receipts	89,532	95,815	110,357	118,790	118,790	118,790
Net Transfers	0	0	0	0	0	0
Expenditures	80,174	94,114	100,664	116,099	116,099	116,099
Balance Forward Out	33,416	34,732	44,765	47,456	50,147	52,839
<i>Biennial Change in Expenditures</i>				42,476		15,434
<i>Biennial % Change in Expenditures</i>				24		7
Full-Time Equivalents	1.5	1.5	1.5	1.5	1.5	1.5

5200 - Management Analysis

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	1,823	1,600	1,178	946	1,030	1,155
Receipts	8,072	7,970	7,317	7,382	7,382	7,382
Expenditures	8,335	8,889	7,549	7,298	7,257	7,310
Balance Forward Out	1,560	681	946	1,030	1,155	1,227
<i>Biennial Change in Expenditures</i>				(2,377)		(281)
<i>Biennial % Change in Expenditures</i>				(14)		(2)
Full-Time Equivalents	27.2	29.0	25.5	25.5	25.2	25.2

5600 - State Employees Insurance

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	243,453	269,946	249,092	224,659	222,223	245,147
Receipts	787,762	807,733	834,935	903,439	981,998	1,043,838
Net Transfers	(16)	(10)	(21)	(21)	(21)	(21)
Expenditures	754,622	829,588	859,348	905,855	959,055	1,017,823
Balance Forward Out	276,578	248,081	224,659	222,223	245,147	271,141
<i>Biennial Change in Expenditures</i>				180,994		211,675
<i>Biennial % Change in Expenditures</i>				11		12
Full-Time Equivalents	46.8	43.2	41.9	41.9	41.9	41.9

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19

6000 - Miscellaneous Agency

Balance Forward In	4,778	4,399	5,523	5,082	4,742	4,692
Receipts	29,213	31,241	32,705	33,260	33,260	33,260
Expenditures	29,592	30,117	33,146	33,601	33,310	33,310
Balance Forward Out	4,399	5,523	5,082	4,742	4,692	4,642
<i>Biennial Change in Expenditures</i>				7,037		(126)
<i>Biennial % Change in Expenditures</i>				12		0

Program: Statewide Services
Activity: Accounting Services

mn.gov/mmb/accounting

AT A GLANCE

- 67,033 employees paid during CY 2015
- 2.5 million payments made to vendors during FY 2016
- As of August 2016, there are over 8,200 users of the SWIFT and SEMA4 systems

PURPOSE & CONTEXT

Accounting Services is the foundation that supports the state's financial management operations. It provides the required infrastructure for efficient and effective accounting and payroll services that are conducted throughout the state. Our primary customers are state agencies and the individuals and organizations that do business with the state.

SERVICES PROVIDED

We provide the following services:

- Establish statewide policies and procedures to safeguard assets and comply with legal requirements.
- Direct the operation and use of the statewide accounting and payroll systems.
- Process bi-weekly payroll for state employees and issue payments to various types of vendors including individuals, businesses, nonprofit organizations, school districts, and other governmental units.
- Prepare statewide financial reports including the Comprehensive Annual Financial Report (CAFR), Single Audit Report, and Statewide Indirect Cost Allocation Plan.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Payroll checks issued that are voided	.039%	.034%	2015, 2016
Quality	State agency payments issued within 30 days	97.35%	97.33%	2015, 2016
Quality	Payments issued electronically	89.24%	90.53%	2015, 2016
Results	Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion for the Comprehensive Annual Financial Report	Both met	Both met	2015, 2016

The legal authority for MMB's Accounting Services activities comes from M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	4,255	4,869	4,819	5,060	5,060	5,060
Total	4,255	4,869	4,819	5,060	5,060	5,060
Biennial Change				755		241
Biennial % Change				8		2

Expenditures by Category

Compensation	4,114	4,612	4,512	4,622	4,622	4,622
Operating Expenses	138	255	305	434	434	434
Other Financial Transactions	3	2	2	4	4	4
Total	4,255	4,869	4,819	5,060	5,060	5,060
Full-Time Equivalents	46.7	50.0	47.1	47.1	44.0	43.0

(Dollars in Thousands)

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	12	0	153	0	0
Direct Appropriation	12,915	12,915	13,938	14,012	14,015	14,013
Net Transfers	(6,652)	(7,711)	(8,966)	(9,105)	(8,955)	(8,953)
Cancellations	1,996	348	0	0	0	0
Expenditures	4,255	4,869	4,819	5,060	5,060	5,060
Balance Forward Out	12	0	153	0	0	0
<i>Biennial Change in Expenditures</i>				755		241
<i>Biennial % Change in Expenditures</i>				8		2
Full-Time Equivalents	46.7	50.0	47.1	47.1	44.0	43.0

Program: Statewide Services**Activity: Budget Services**www.mn.gov/mmb/budget/**AT A GLANCE**

- Provide budget assistance, guidance, instructions, monitoring, and oversight to more than 100 agencies for the state's \$77 billion biennial budget
- Annually release February and November budget and economic forecasts
- Completed 501 fiscal notes in 2016
- Convened 16 results conferences with state agencies in FY 2016

PURPOSE & CONTEXT

Budget Services works to promote sound fiscal policy in decision-making and helps to ensure the appropriate use of state resources through the provision of accurate and timely information. We support the efficient and effective use of state resources by establishing statewide oversight for the budget process and work to build the capacity of state agencies to use performance information in the management of state government services. This activity is comprised of three sections: Budget Planning and Operations, Budget Policy and Analysis, and Results Management. Our primary customers are the Governor's Office, state agencies, the legislature, and Minnesotans.

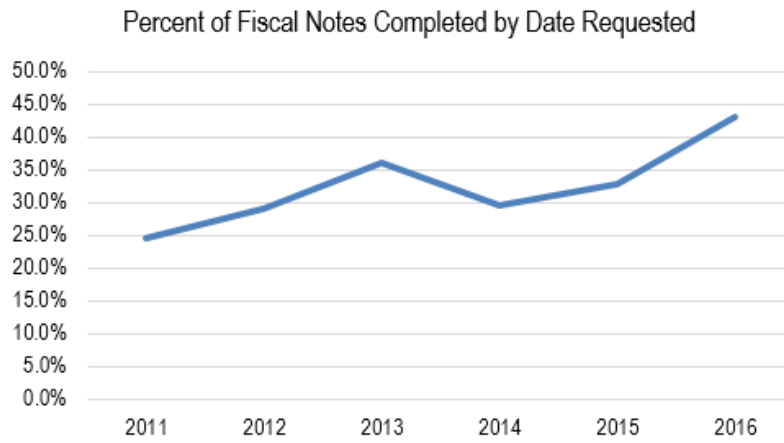
SERVICES PROVIDED

Budget Services meets customer needs by:

- Creating objective, relevant, and accessible information for decision-makers such as the budget and economic forecasts, the Governor's operating and capital budget recommendations, the general fund balance analysis, and the consolidated fund statement.
- Articulating fiscal policy issues of statewide importance through services and products such as rating agency presentations, budget decision-support, and statewide cash flow analysis.
- Increasing access to budget and fiscal policy information through the provision of statewide guidance and the development and maintenance of the Budget Planning and Analysis, Fiscal Note Tracking, and Capital Budget systems.
- Providing leadership and support for statewide results management through the publication of a statewide dashboard (<https://mn.gov/mmb/mn-dashboard/>) and by convening results conferences focused on population indicators.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percentage of survey respondents indicating overall satisfaction with the budget systems (Budget Planning & Analysis System – BPAS and Fiscal Note Tracking System – FNTS)	N/A	BPAS – 74% FNTS – 83%	June 2015
Quality	Percent of results management conference participants reporting the conference was valuable	97%	94%	FY 2015, FY 2016



M.S. 3 (<https://www.revisor.mn.gov/statutes/?id=3>) and M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	3,417	3,365	3,027	3,675	3,650	3,650
2001 - Other Misc Special Revenue	428	0	78	127	42	0
Total	3,845	3,365	3,105	3,802	3,692	3,650
<i>Biennial Change</i>				(303)		435
<i>Biennial % Change</i>				(4)		6

Expenditures by Category

Compensation	3,342	3,165	2,959	3,566	3,526	3,490
Operating Expenses	489	177	145	231	161	155
Other Financial Transactions	14	23	1	5	5	5
Total	3,845	3,365	3,105	3,802	3,692	3,650
<u>Full-Time Equivalents</u>	30.4	28.6	27.3	27.3	27.3	27.0

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	2,029	0	441	0	0
Direct Appropriation	7,303	3,528	4,633	4,681	4,681	4,681
Net Transfers	(1,844)	(2,159)	(1,162)	(1,447)	(1,031)	(1,031)
Cancellations	13	33	3	0	0	0
Expenditures	3,417	3,365	3,027	3,675	3,650	3,650
Balance Forward Out	2,029	0	441	0	0	0
<i>Biennial Change in Expenditures</i>				(79)		598
<i>Biennial % Change in Expenditures</i>				(1)		9
Full-Time Equivalents	27.3	28.5	26.9	26.9	26.9	27.0

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	0	0	22	22	0
Receipts	428	0	100	127	20	0
Expenditures	428	0	78	127	42	0
Balance Forward Out	0	0	22	22	0	0
<i>Biennial Change in Expenditures</i>				(223)		(162)
<i>Biennial % Change in Expenditures</i>				(52)		(79)
Full-Time Equivalents	3.1	0.0	0.4	0.4	0.4	0

Program: Statewide Services

Activity: Economic Analysis

mn.gov/mmb/forecast/

AT A GLANCE

Outputs (# per year)

- Budget & Economic Forecast (2)
- Revenue & Economic Update (4)
- Monthly Revenue Memo (8)
- Budget Reserve Report (1)
- Revenue Forecast Uncertainty Report (1)
- Rating Agency Presentation (3)
- Data for bond sale Official Statement (2-3)
- Public Speaking Engagements (25+ events, reaching 2500+ individuals)
- Media Contacts (40+)

Resources

- Three FTEs (2 economists / 1 model programmer)
- Minnesota State Economist (under contract with University of Minnesota)

PURPOSE & CONTEXT

Economic Analysis forecasts state tax revenues in November and February each year as required by state law (M.S. 16A.103). The *November Budget & Economic Forecast* is the starting point for the state budget and the basis for the governor's budget recommendations. In February, we update the forecast with new information. The legislature and the governor use the *February Budget & Economic Forecast* to set the budget and to ensure, through short-term budget adjustments, that enacted budgets remain on track and in balance. Bond rating agencies and other analysts use forecast information to assess the state's economic and financial condition. The media use it to inform the public.

In addition to the twice-yearly forecasts, we prepare a quarterly *Revenue & Economic Update* in January, April, July and October of each year. The *Revenue & Economic Update* compares actual revenue collections for the current year to the most recent revenue forecast and reports changes in the national and state economic outlook.

Economic Analysis produces objective research and analysis related to Minnesota's economy and revenues. This research improves the reliability of existing economic and revenue forecasting models and informs state and local government policymakers, the academic and business communities, the media, and the general public about Minnesota's economic and financial condition.

SERVICES PROVIDED

Description of Primary Services:

- Credible and timely forecasts of major state general fund revenue sources. This includes taxes on personal income, general sales, corporate income, deed transfers and mortgage registries, insurance gross receipts, and other sources.
- Quarterly and monthly comparisons of forecast revenue with actual collections for major state general fund sources.
- Clear and timely information about the state economy, including forecasts of employment, income, and other measures of economic activity.
- Analysis of the volatility of major state revenue sources and their components. Through this analysis, we estimate the appropriate size for a state rainy day fund as required by state law (M.S. 16A.152).
- Analysis of uncertainty in Minnesota's revenue projections as required by state law (M.S. 16A.103).

RESULTS

A forecast error—the difference between the level of revenues forecast and the amount actually collected—can be a gauge of forecast accuracy. Actual collections never precisely match the forecast, in part because we cannot fully anticipate how unforeseen changes in the national economy or in federal tax laws will affect state revenues. Moreover, uncertainty about the revenue impacts of changes in state tax laws can add to forecast errors. Nonetheless, revenue forecast errors provide a base performance measure for the primary activities of Economic Analysis.

Since accuracy in forecasting a single biennium's revenues should improve the closer we get to the end of the two-year period, we calculate separate errors for each time a biennium is part of the February forecast: 29, 17, and 5 months from actual. The results show, as expected, that our accuracy in forecasting a single biennium improves over time.

To determine whether our accuracy is generally improving, we compare the average percentage errors from the most recent three biennia to the errors over the longer term. We make this comparison for each of the three February forecasts. We find that the accuracy of the first February revenue forecast (29 months from actual) and the second February forecast (17 months from actual) have both **improved** compared to the long-term average. The accuracy of the third February revenue forecast (5 months out) has **worsened** compared to the long-term average.

	Long-term average (FY90-91 to FY14-15)	Recent average (FY10-11 to FY14-15)	Trend in accuracy
1 st February forecast (+29 months from actual)	5.4%	4.0%	Improved
2 nd February forecast (+17 months from actual)	3.1%	2.7%	Improved
3 rd February forecast (+5 months from actual)	0.7%	1.3%	Worse

The legal authority for MMB's Economic Analysis activities comes from M.S. 16A.103 and M.S. 16A.152 (<https://www.revisor.mn.gov/statutes/?id=16A>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	473	571	561	557	548	548
Total	473	571	561	557	548	548
Biennial Change				74		(22)
Biennial % Change				7		(2)

Expenditures by Category

Compensation	308	325	338	326	321	321
Operating Expenses	165	247	224	231	227	227
Total	473	571	561	557	548	548
Full-Time Equivalents	3.0	3.0	3.0	3.0	3.0	3.0

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	36	0	0	0	0
Direct Appropriation	450	450	456	481	472	472
Net Transfers	59	85	106	76	76	76
Expenditures	473	571	561	557	548	548
Balance Forward Out	36	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				74		(22)
<i>Biennial % Change in Expenditures</i>				7		(2)
Full-Time Equivalents	3.0	3.0	3.0	3.0	3.0	3.0

Program: Statewide Services

Activity: Debt Management

mn.gov/mmb/debt-management/

AT A GLANCE

- Current bond ratings: Aa1/AA+/AAA with Moody's, Standard & Poor's and Fitch
- \$6.6 billion of general obligation bonds currently outstanding, including \$1.077 billion issued in CY 2015 and \$799 million issued in CY 2016
- \$1.6 billion of other tax-supported debt currently outstanding, including \$158.7 million issued in CY 2015 and \$38.3 million issued in CY 2016
- \$116.7 million of revenue bonds currently outstanding
- \$28 million outstanding balance in Master Lease Programs that finance technology and fleet services
- Debt managed to established Capital Investment Guidelines and to meet federal tax and securities law requirements

PURPOSE & CONTEXT

The Debt Management Division is responsible for both debt management and capital budget implementation and the compliance associated with each. Both of these functions seek to increase state government's capacity to manage our resources to ensure exceptional service and value for Minnesota citizens. We serve state agencies, local government grantees, bondholders, the Governor, the legislature and their staff, and citizens.

The bonds and other debt we sell finance and refinance authorized capital projects and programs. When selling bonds, the Division seeks to minimize cost and risk to the state. The current debt portfolio continues to be in compliance with the established Capital Investment Guidelines.

The Debt Management Division oversees compliance with all applicable Internal Revenue Service and Securities and Exchange Commission rules and regulations, and all applicable state laws relating to municipal bonds and the capital projects they finance. We maintain policies and procedures regarding regulatory compliance, for example a statewide operating policy on the prohibition of the purchase of state bonds by state entities as investments.

SERVICES PROVIDED

Debt management process: We work with financial advisors, legal counsel, rating and state agencies, and underwriters and investors to bring bonds or other debt instruments to market and obtain the most favorable interest rates to the state. We work to remain in compliance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and policies and procedures, including the capital investment guidelines.

Capital budget process: We assist agencies and local governments in implementing capital budget appropriations and required grant agreements through bonding and cash appropriations. We complete this work in accordance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and MMB's policies and procedures.

RESULTS

While no single entity or circumstance can claim to be responsible for Minnesota's outstanding debt position, having timely, relevant, accurate, and objective information available from Debt Management helps decision makers effectively influence the state's debt position.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	<p>The state's general obligation bond ratings as of July 2014 compared to July 2016. In 2015, Standard & Poor's upgraded the state's economic outlook from stable to positive. In 2016, Fitch upgraded the state's rating from AA+ to AAA.</p> <ul style="list-style-type: none"> • Moody's • Standard & Poor's • Fitch 	<p>Aa1 (stable) AA+ (stable) AA+ (stable)</p>	<p>Aa1 (stable) AA+ (positive) AAA (stable)</p>	<p>July 2014, August 2016</p>
Results	<p>Capital Investment Guidelines</p> <ul style="list-style-type: none"> • Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%) • Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%) • General obligation bonds scheduled to mature quickly (target: 40% within five years and 70% within 10 years) 	<p>2.97% 4.25% 40.5%/70.9%</p>	<p>2.91% 3.95% 40.3%/71.2%</p>	<p>February 2014, February 2016 June 30, 2014, June 30, 2016</p>
Results	<p>A comparison of the interest rates from year 1 to 10 of state general obligation bonds sold compared to a municipal bond index for similarly rated bonds.</p>	<p>The state's interest rates were less than the index (0.11%)</p>	<p>The state's interest rates were less than the index (0.09%)¹</p>	<p>August 2014, August 2016</p>

¹ In light of the 2016 rating upgrade to AAA from Fitch, a comparison of the interest rates from year 1 to 10 of the state's 2016 general obligation bonds to a municipal bond index for AAA-rated bonds would show the state's interest rates were 0.04% higher than the AAA index.

The legal authority for MMB's Debt Management activities comes from M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	1,059	465	451	475	475	475
Total	1,059	465	451	475	475	475
Biennial Change				(599)		24
Biennial % Change				(39)		3

Expenditures by Category

Compensation	895	451	441	452	452	452
Operating Expenses	164	14	9	23	23	23
Other Financial Transactions	1	0	0	0	0	0
Total	1,059	465	451	475	475	475
Full-Time Equivalents	9.3	4.2	3.7	4.0	3.7	3.7

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	249	0	16	0	0
Direct Appropriation	1,620	1,620	467	474	474	474
Net Transfers	(369)	(1,403)	0	(15)	1	1
Cancellations	0	1	0	0	0	0
Expenditures	1,059	465	451	475	475	475
Balance Forward Out	191	0	16	0	0	0
<i>Biennial Change in Expenditures</i>				(599)		24
<i>Biennial % Change in Expenditures</i>				(39)		3
Full-Time Equivalents	9.3	4.2	3.7	4.0	3.7	3.7

Program: Statewide Services**Activity: Enterprise Human Resources**www.mn.gov/mmb/employee-relations/**AT A GLANCE**

- Since its launch in December 2015, of the new Enterprise Human Resources (EHR) applicant tracking system has processed an average of 15,458 applications for state jobs each month.
- In that same period, the Applicant Help Line staff have assisted an average of 631 applicants per month. Contacts for assistance have been decreasing over time.

PURPOSE & CONTEXT

Enterprise Human Resources develops and maintains tools and infrastructure used by state agency human resources partners to recruit and retain the workforce needed to meet business goals. EHR applies a statewide view of human resources management to develop and promote sound policies, practices, and outcomes.

SERVICES PROVIDED

- Deliver innovative and strategic human resource (HR) solutions that align with business needs and contribute to the delivery of exceptional public services.
- Monitor changes in laws that affect human resource operations in state agencies. Research, develop, and deploy the EHR policy infrastructure, and provide training and guidance to ensure agencies are in compliance with law and other authorities.
- Provide consultation and auditing assistance to ensure agencies' HR Offices are using best practices, and eliminating inefficient or ineffective practices.
- Develop and maintain systems to record, manage, and retrieve human resource data and resources. These systems include application processing, learning management, and employee record management and payroll.
- Develop and deploy the state's compensation, classification, selection, pay equity, and talent strategy programs. Provide consultation and services to support agency Human Resource operations.
- Research, plan, and manage projects to develop or update HR programs, services, and systems.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Number of agency audits opened and completed in most recent fiscal year.	Not available*	4 opened, 2 closed*	FY2016
Quantity	Total number of female employed in the Executive Branch as of fiscal year end	New as of FY2016	49.8%	FY2016
Quantity	Total number of minorities employed in the Executive Branch as of fiscal year end	New as of FY2016	11%	FY2016
Quantity	Total number of individuals with disabilities employed in the Executive Branch as of fiscal year end	New as of FY2016	6.2%	FY2016
Quantity	Total number of veterans employed in the Executive Branch as of fiscal year end	New as of FY2016	7.3%	FY2016

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	% of employees receiving yearly performance feedback	78% 98% 96%	FY2016	FY2012 FY2014

* A new audit program was developed in FY15. In FY16, four audits were conducted to test the processes and address urgent issues. Of these four, two audits are complete and two remain open.

M.S. 43A (<https://www.revisor.mn.gov/statutes/?id=43A>) on state personnel management provides legal authority for this budget activity.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	3,685	3,735	3,038	3,469	3,469	3,469
2000 - Restrict Misc Special Revenue	62	62	69	64	64	64
2001 - Other Misc Special Revenue	33	97	348	441	409	409
Total	3,780	3,894	3,455	3,974	3,942	3,942
<i>Biennial Change</i>				(245)		454
<i>Biennial % Change</i>				(3)		6

Expenditures by Category

Compensation	2,673	3,501	3,165	3,557	3,557	3,557
Operating Expenses	1,100	389	286	415	383	383
Other Financial Transactions	6	3	4	2	2	2
Total	3,780	3,894	3,455	3,974	3,942	3,942
<u>Full-Time Equivalents</u>	26.5	37.2	30.9	30.9	30.9	30.9

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	2,006	0	374	0	0
Direct Appropriation	7,156	3,156	3,209	3,256	3,256	3,256
Net Transfers	(1,498)	(1,391)	203	(161)	213	213
Cancellations	0	36	0	0	0	0
Expenditures	3,685	3,735	3,038	3,469	3,469	3,469
Balance Forward Out	1,972	0	374	0	0	0
<i>Biennial Change in Expenditures</i>				(913)		431
<i>Biennial % Change in Expenditures</i>				(12)		7
Full-Time Equivalents	26.4	37.0	29.1	29.1	29.1	29.1

2000 - Restrict Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	5	7	7	8	8	8
Receipts	64	61	71	64	64	64
Expenditures	62	62	69	64	64	64
Balance Forward Out	7	6	8	8	8	8
<i>Biennial Change in Expenditures</i>				9		(5)
<i>Biennial % Change in Expenditures</i>				8		(4)
Full-Time Equivalents	0.0	0.0	0	0	0	0

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	146	148	120	39	0	0
Receipts	35	20	78	105	105	105
Net Transfers		48	190	298	304	304
Expenditures	33	97	348	441	409	409
Balance Forward Out	148	119	39	0	0	0
<i>Biennial Change in Expenditures</i>				659		28
<i>Biennial % Change in Expenditures</i>				507		4
Full-Time Equivalents	0.0	0.2	1.8	1.8	1.8	1.8

(Dollars in Thousands)

6000 - Miscellaneous Agency

	Actual FY14	Actual FY 15	Actual FY 16	Estimate FY17	Forecast Base FY18	Forecast Base FY19
Balance Forward In	46	46	46	46	46	46
Balance Forward Out	46	46	46	46	46	46

Program: Statewide Services

Activity: Labor Relations

mn.gov/mmb/employee-relations/labor-relations/

AT A GLANCE

- The State of Minnesota is the state's largest employer with approximately 52,000 employees in 2016.
- Negotiated 9 labor agreements covering 38,000 employees in 2015-2016.
- Directed review and resolution of 365 grievances from July 1, 2014 through June 30, 2016.
- Trained state managers, supervisors and human resources professionals in the areas of labor relations and investigations in 2015-2016.

PURPOSE & CONTEXT

The mission of the Labor Relations Unit is to promote harmonious and productive relationships with labor organizations representing specific groups of state employees while balancing the needs of management to provide efficient and accountable government services.

Our service population and clientele include the state's 38,000 employees covered by collective bargaining agreements and the Commissioner's and Managerial Plans. We also served human resources, supervisory, and managerial staff in the state's approximately 100 agencies and boards.

SERVICES PROVIDED

Collective Bargaining

- Develop labor relations policies, objectives, and strategies
- Represent the State in negotiations for collective bargaining agreements and the State Employee Group Insurance Program (SEGIP)
- Represent the State in contract mediation and interest arbitration to reach agreements
- Ensure that negotiated labor agreements maintain the maximum degree of flexibility for management and contain economic settlements that are within the desires of the Governor and the state's ability to pay

Administration of Collective Bargaining Agreements

- Provide advice and counsel to State agencies on contract administration, including contract interpretation, employee misconduct investigations, employee discipline, and employee performance management
- Ensure there are consistent policies and practices across the enterprise and that management rights are not compromised
- Assist State agencies in review of grievances alleging violations of labor agreements, including evaluation of settlement options and potential impacts to the operations or work environment
- Provide employee training on such topics as labor relations concepts, grievance processing, discipline and discharge, investigations and managing employee leaves

Representation and Advocacy

- Investigate grievances and prepare for and represent the State in grievance mediation, arbitrations, and settlement negotiations
- Represent the State on Labor/Management Committees and meetings with the unions regarding agency policies and practices
- Represent the State in all bargaining unit determinations and unit clarification proceedings
- Propose or respond to legislation affecting the State as an employer

RESULTS

We believe strategies are working if:

- A voluntary labor agreement is negotiated with the exclusive representative within the negotiations timeframe
- Labor agreements receive approval from the Legislative Subcommittee on Employee Relations and the full legislature
- Interest arbitration awards affirm the State's bargaining decisions and strategies
- Agencies provide positive feedback on assistance in the day-to-day administration of labor contracts
- Grievances are avoided or resolved at the agency level
- Grievance arbitration awards uphold agency actions and decision-making in the areas of contract interpretation and employee misconduct
- State labor management committees, including the Joint Labor Management Committee on Health Insurance, contribute to positive and productive working relationships between the state and labor unions
- Training curriculum and delivery receives positive course evaluations

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of contract negotiations that result in voluntary negotiated settlements consistent with State's ability to pay.	80%	90%	July 1, 2014, June 30, 2016
Results	Ratified labor agreements receive approval by full legislature	100%	100%	July 1, 2014, June 30, 2016
Results	Grievance arbitration awards upholding the state's position (denial of the grievance).	22 (of 41)	9 (of 13)	July 1, 2014, June 30, 2016

M.S. 43A (<https://www.revisor.mn.gov/statutes/?id=43A>) and M.S. 179 (<https://www.revisor.mn.gov/statutes/?id=179>) provide the legal authority for MMB's Labor Relations Unit.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	882	908	810	1,123	1,123	1,123
2001 - Other Misc Special Revenue	309	277	302	280	280	285
Total	1,191	1,184	1,112	1,403	1,403	1,408
Biennial Change				140		296
Biennial % Change				6		12

Expenditures by Category

Compensation	866	876	789	1,071	1,071	1,071
Operating Expenses	324	305	324	332	332	337
Other Financial Transactions	1	3	0	0	0	0
Total	1,191	1,184	1,112	1,403	1,403	1,408
Full-Time Equivalents	7.6	7.8	6.9	6.9	6.9	6.9

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	319	0	298	0	0
Direct Appropriation	1,184	1,184	1,083	1,099	1,099	1,099
Net Transfers	17	(281)	25	(274)	24	24
Cancellations	0	315	0	0	0	0
Expenditures	882	908	810	1,123	1,123	1,123
Balance Forward Out	319	0	298	0	0	0
<i>Biennial Change in Expenditures</i>				143		313
<i>Biennial % Change in Expenditures</i>				8		16
Full-Time Equivalents	7.6	7.8	6.9	6.9	6.9	6.9

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	13	9	6	12	8	9
Receipts	302	270	308	276	281	286
Expenditures	309	277	302	280	280	285
Balance Forward Out	6	2	12	8	9	10
<i>Biennial Change in Expenditures</i>				(3)		(17)
<i>Biennial % Change in Expenditures</i>				0		(3)

Program: Statewide Services**Activity:** Agency Administrationwww.mn.gov/mmb**AT A GLANCE**

- Agency human resources staff worked with managers and supervisors to fill 120 vacant positions in FY16
- Fiscal Services staff processed over 3,600 payments and over 99% of them were paid within 30 days in FY16
- 100% of major financial publications were published on time—governor’s budget recommendations, February and November economic forecasts, federally mandated financial reports in FY16

PURPOSE & CONTEXT

Agency Administration is a compilation of functions within the scope of the work of MMB, managed by the deputy commissioner. Several of these functions are internal to MMB—such as administrative and fiscal services, human resources, and strategic planning. These areas serve all employees at MMB.

SERVICES PROVIDED

- Manage the department’s financial operations to maintain compliance with established policies and procedures
- Support and manage about 260 employees by ensuring compliance with statewide and departmental human resources, policies, and procedures
- Produce several key documents including the governor’s budgets, economic forecasts, and the state’s Comprehensive Annual Financial Report (CAFR)

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Percent of employee position descriptions that are current	60%	96%	6/30/14 and 6/30/16

M.S. chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB’s Agency Administration budget activity.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	6,291	7,974	7,222	13,984	8,467	8,467
2001 - Other Misc Special Revenue	11,063	9,426	12,014	11,036	11,151	11,196
Total	17,354	17,400	19,236	25,020	19,618	19,663
<i>Biennial Change</i>				9,502		(4,975)
<i>Biennial % Change</i>				27		(11)

Expenditures by Category

Compensation	10,344	4,243	4,355	6,688	4,133	4,178
Operating Expenses	6,965	13,104	14,810	18,291	15,444	15,444
Other Financial Transactions	46	53	51	41	41	41
Capital Outlay-Real Property	0	0	20	0	0	0
Total	17,354	17,400	19,236	25,020	19,618	19,663
Full-Time Equivalents	98.6	49.1	44.9	42.4	37.4	37.4

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	0	790	400	1,760	0	0
Direct Appropriation	7,122	6,725	7,578	10,674	8,674	8,674
Net Transfers	(45)	862	1,005	1,549	(207)	(207)
Cancellations	0	3	0	0	0	0
Expenditures	6,291	7,974	7,222	13,984	8,467	8,467
Balance Forward Out	785	400	1,760	0	0	0
<i>Biennial Change in Expenditures</i>				6,941		(4,272)
<i>Biennial % Change in Expenditures</i>				49		(20)
Full-Time Equivalents	47.9	25.2	22.7	20.2	15.2	15.2

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	12,772	11,494	12,398	10,677	10,667	10,532
Receipts	10,792	11,428	10,293	11,016	11,016	11,016
Net Transfers	0	(1,165)		10		
Expenditures	11,063	9,426	12,014	11,036	11,151	11,196
Balance Forward Out	12,501	12,331	10,677	10,667	10,532	10,352
<i>Biennial Change in Expenditures</i>				2,560		(703)
<i>Biennial % Change in Expenditures</i>				12		(3)
Full-Time Equivalents	50.7	23.9	22.2	22.2	22.2	22.2

Program: Statewide Services**Activity:** Enterprise Learning & Developmentmn.gov/mmb/eld/**AT A GLANCE**

- 5,530 state government employees were served by ELD in FY15-16.
- 857 new supervisors completed Supervisory Development Core in FY15-16.
- 337 new managers completed Managerial Development Core in FY15-16
- 60 participants graduated from the Emerging Leaders Institute in FY15-16
- 30 participants graduated from the Senior Leadership Institute in FY15-16

PURPOSE & CONTEXT

The mission of Enterprise Learning & Development (ELD) is to support the professional development needs of our talented workforce. In FY15-16, ELD employed a variety of workforce investments including training, coaching, workforce planning, 360 feedback, and customized team solutions to develop our talented workforce. ELD strives to make the state a model employer by ensuring that all employees have the knowledge, skills, and information needed to succeed in their jobs. Our goal is to help all our employees form productive intercultural working relationships ensuring a positive work environment.

In FY17-18 ELD is being transformed into a new employee and organizational development organization within MMB called Enterprise Talent Development (ETD). It will provide coordinated and consistent training and development services to state agencies and their workforce, including: talent management, organizational development, and professional development.

SERVICES PROVIDED

- Deliver employee development programs open to all employees including supervisors and managers.
- Deliver leadership development programs, assess leadership skills through competency based 360 assessments, and conduct performance and career coaching.
- Customize courses for specific content and agency needs.
- Deliver workforce planning consultation, technical assistance and workshop facilitation.
- Deliver training in succession planning and knowledge transfer.
- Inform talent management strategies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	# of courses offered in professional and leadership development	91	89	FY15, FY16
Quantity	# of contracts completed for customized professional and leadership development	49	41	FY15, FY16
Quantity	# of participants in professional and leadership development	2,842	2,688	FY15, FY16
Quality	Participant rating of overall satisfaction with learning on a five point scale (5 being high)	N/A	4.0	FY16

M.S. 43A.21 (<https://www.revisor.mn.gov/statutes/?id=43A.21>) provides the legal authority for ELD's budget activity.

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
5200 - Management Analysis	1,887	1,839	1,506	1,771	1,771	1,771
Total	1,887	1,839	1,506	1,771	1,771	1,771
Biennial Change				(449)		266
Biennial % Change				(12)		8

Expenditures by Category

Compensation	698	792	750	850	850	850
Operating Expenses	1,184	954	756	921	921	921
Other Financial Transactions	5	93	0	0	0	0
Grants, Aids and Subsidies	0	0	0	0	0	0
Total	1,887	1,839	1,506	1,771	1,771	1,771
Full-Time Equivalents	9.2	9.8	8.3	8.3	8.0	8.0

5200 - Management Analysis

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	621	423	215	212	238	263
Receipts	1,660	1,608	1,503	1,797	1,797	1,797
Expenditures	1,887	1,839	1,506	1,771	1,771	1,771
Balance Forward Out	395	192	212	238	263	288
<i>Biennial Change in Expenditures</i>				(449)		266
<i>Biennial % Change in Expenditures</i>				(12)		8
Full-Time Equivalents	9.2	9.8	8.3	8.3	8.0	8.0

Program: Statewide Services**Activity:** Enterprise Communications and Planningwww.mn.gov/mmb**AT A GLANCE**

- Tracked 192 interactions with agencies in the Internal Control and Accountability unit in FY 2016.
- Provided over 13,500 hours of consulting services on 122 projects for 27 client agencies in FY 2016.
- Established an effective communication infrastructure. Developed the communication skills and processes within MMB; improved communications to the enterprise and the public.
- Manage and ensure the consistent operation of five enterprise systems annually.
- Ensure state agencies have and communicate procedures that allow state government to continue its essential operations in case of a catastrophic event.

PURPOSE & CONTEXT

The Enterprise Communications and Planning Division provides critical services to the enterprise to ensure employees, agencies, and agency leaders have the tools and information they need to effectively do their work. Members of the team focus their work on proactive and inclusive strategies to create a culture of collaboration, communication, and information-sharing throughout our agency and the enterprise. These functions are also integral parts of the department's mission and vision as described in the agency profile.

This division is made up of five groups, all of which play key roles in ensuring strategic planning and communications to and on behalf of the entire enterprise: Management Analysis and Development (MAD), Enterprise Resource Planning, Business Continuity, Communications, and Internal Controls and Accountability.

SERVICES PROVIDED

- Communicate key initiatives and information to MMB, the enterprise, and to the public using all communication channels.
- Provide internal control and accountability consultation across state government to improve internal controls.
- Provide consultation in Continuity of Government (COG) planning or in response to all hazards, including terrorism and catastrophic disasters. Act as the statewide lead in an event that disrupts services within state government.
- Provide leadership, coordination, strategic direction, and management oversight of current and proposed enterprise technology systems and applications (for example, the state payroll system).
- Provide problem-solving assistance and information to help leaders and managers make decisions that improve efficiency and effectively use state resources.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of agency heads that submitted the annual internal control certification for FY 2015	96%	98.7%	FY2015, FY2016
Quality	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	100%	100%	CY2014, CY2016
Results	Customer satisfaction with MAD projects (average score from 1-5; 5 is best)	4.8	4.8	CY2014, CY2016

Type of Measure	Name of Measure	Previous	Current	Dates
Results	Conduct continuity of government planning and exercises with invited representatives of executive (cabinet), judicial, and legislative branches.	100% participation	100% participation	FY2015, FY2016
Results	Percent of enterprise system projects that are progressing according to the schedule	NA	83%	Q2 FY2016
Quality	Engagement rate from email communication campaigns designed to build employee/public awareness. Engagement rate shows how many of our email (GovDelivery) subscribers are interacting with our content and responding to our communication efforts over time. 30% or higher is considered good.	36.2%	54.7%	CY2014, CY2015

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

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	0	33	0	1,074	1,074	1,074
2001 - Other Misc Special Revenue	143	34	0	0	0	0
5200 - Management Analysis	6,448	7,050	6,043	5,527	5,485	5,538
Total	6,591	7,118	6,043	6,601	6,559	6,612
<i>Biennial Change</i>				(1,065)		527
<i>Biennial % Change</i>				(8)		4

Expenditures by Category

Compensation	1,766	1,932	1,829	2,892	2,857	2,910
Operating Expenses	4,649	5,113	4,208	3,698	3,691	3,691
Other Financial Transactions	177	72	6	11	11	11
Capital Outlay-Real Property	0	0	0	0	0	0
Total	6,591	7,118	6,043	6,601	6,559	6,612
Full-Time Equivalents	18.0	19.2	17.2	26.2	26.2	26.2

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Net Transfers		33		1,074	1,074	1,074
Expenditures	0	33	0	1,074	1,074	1,074
<i>Biennial Change in Expenditures</i>				1,041		1,074
<i>Biennial % Change in Expenditures</i>				3,122		100
Full-Time Equivalents	0	0.0	0.0	9.0	9.0	9.0

2001 - Other Misc Special Revenue

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	2	34	0	0	0	0
Receipts	20	0	0	0	0	0
Net Transfers	165					
Expenditures	143	34	0	0	0	0
Balance Forward Out	44	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				(177)		
<i>Biennial % Change in Expenditures</i>				(100)		

5200 - Management Analysis

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	1,202	1,178	963	734	792	892
Receipts	6,412	6,362	5,814	5,585	5,585	5,585
Expenditures	6,448	7,050	6,043	5,527	5,485	5,538
Balance Forward Out	1,165	489	734	792	892	939
<i>Biennial Change in Expenditures</i>				(1,929)		(547)
<i>Biennial % Change in Expenditures</i>				(14)		(5)
Full-Time Equivalents	18.0	19.2	17.2	17.2	17.2	17.2

Program: Employee Insurance

Activity: State Employee Group Insurance Program

mn.gov/mmb/segip/

AT A GLANCE

- Provides insurance benefits to over 127,000 state employees, dependents, and retirees annually in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies.
- Through innovative benefit design, encourages members to use the most efficient health care providers. In 2016, 88% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels.
- 5,000 state employees lost more than 41,000 pounds through an innovative diabetes prevention program launched in 2015.
- In 2015, SEGIP collected \$813 million in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups. Health insurance accounted for 88% of premiums and fees.

PURPOSE & CONTEXT

The State Employee Group Insurance Program (SEGIP) offers comprehensive insurance benefits to ensure that employees and their families have access to high-quality services at an affordable cost. These benefits include health, dental, life, long and short-term disability, and long-term care insurance. In addition, SEGIP administers pre-tax accounts for medical and dental care, dependent care, and transit expenses. Insurance benefits are a valuable component of compensation that helps the state attract and retain a talented workforce.

As Minnesota's largest employer purchaser of health care, SEGIP has significant influence in the marketplace and uses purchasing strategies designed to contain cost and provide access to high quality care. SEGIP also has a comprehensive set of initiatives that promote employee health and well-being, which result in a healthier more productive state workforce and also lower health care costs.

SERVICES PROVIDED

- SEGIP's health insurance plan, the Minnesota Advantage Health Plan, is a self-insured plan. The plan has a tiered network design that encourages members to choose primary care clinics that are most cost-efficient while still allowing access to higher-cost clinics. Because the state is such a large purchaser of health care, this benefit design also enables the state to obtain better prices from providers that wish to be placed in the most favorable cost tiers which attract the most members. In this way, SEGIP is able to maintain a broad choice of providers while also containing cost growth.
- SEGIP promotes employee health and wellness, which supports greater workplace productivity and helps to contain health care cost growth. For example, SEGIP offers financial incentives for employees to complete an annual health risk assessment survey, with opportunities for follow-up coaching or online programs to reduce health risks. Other prevention initiatives include a successful diabetes prevention program and annual flu shot clinics. SEGIP's health plan administrators also identify and engage members with conditions like diabetes, asthma, back pain, and depression in order to better manage their conditions and improve health.
- SEGIP's contracts with medical, dental, and pharmacy administrators include incentives related to cost management, health outcomes, and provider network management and operational performance. In addition, SEGIP has some incentive arrangements directly with provider groups that include accountability for total cost of care and quality metrics.
- SEGIP supports expanded use of value-based payment arrangements between health care providers and our health plan administrators. Compared to traditional fee for service payments, value-based payment arrangements include stronger incentives related to cost containment and quality.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percent of medical expenditures made through value-based payment methods	NA	49%	2015
Result	Percent of plan participants enrolled in primary care clinics at the lowest cost levels	89.3%	88.3%	2015, 2016
Result	Number of prediabetes program participants who have reduced their risk by 50% or more	976	1,617	1/2016, 7/2016

M.S. 42A.22-315, 318-319 provides authority for state employee benefits managed by MMB. Specifically see M.S. 43A.22 (<https://www.revisor.mn.gov/statutes/?id=43A.22>).

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
5600 - State Employees Insurance	754,622	829,588	859,348	905,855	959,055	1,017,823
6000 - Miscellaneous Agency	29,592	30,117	33,146	33,601	33,310	33,310
Total	784,213	859,705	892,494	939,455	992,365	1,051,133
<i>Biennial Change</i>				188,031		211,549
<i>Biennial % Change</i>				11		12

Expenditures by Category

Compensation	4,272	3,771	3,881	4,353	4,654	4,793
Operating Expenses	779,938	855,931	888,603	935,097	987,705	1,046,335
Other Financial Transactions	3	4	11	6	6	6
Total	784,213	859,705	892,494	939,455	992,365	1,051,133
<u>Full-Time Equivalents</u>	46.8	43.2	41.9	41.9	41.9	41.9

5600 - State Employees Insurance

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	243,453	269,946	249,092	224,659	222,223	245,147
Receipts	787,762	807,733	834,935	903,439	981,998	1,043,838
Net Transfers	(16)	(10)	(21)	(21)	(21)	(21)
Expenditures	754,622	829,588	859,348	905,855	959,055	1,017,823
Balance Forward Out	276,578	248,081	224,659	222,223	245,147	271,141
<i>Biennial Change in Expenditures</i>				180,994		211,675
<i>Biennial % Change in Expenditures</i>				11		12
Full-Time Equivalents	46.8	43.2	41.9	41.9	41.9	41.9

6000 - Miscellaneous Agency

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	4,732	4,354	5,477	5,037	4,696	4,646
Receipts	29,213	31,241	32,705	33,260	33,260	33,260
Expenditures	29,592	30,117	33,146	33,601	33,310	33,310
Balance Forward Out	4,354	5,477	5,037	4,696	4,646	4,596
<i>Biennial Change in Expenditures</i>				7,037		(126)
<i>Biennial % Change in Expenditures</i>				12		0

Program: Statewide Insurance**Activity: Public Employees Insurance Program**www.mn.gov/mmb/segip/peip/**AT A GLANCE**

- As of July 2016, 124 public sector employer groups in Minnesota participated in PEIP. These include 79 school districts, 27 cities and townships, six counties, and 12 other units of government (watershed districts, housing redevelopment authorities, etc.).
- A total of more than 21,000 active employees, their dependents, and retirees receive their coverage from PEIP.
- Groups average 78 employees and range from one to more than 2,200 employees.

PURPOSE & CONTEXT

The Public Employees Insurance Program (PEIP) is a statewide health, dental, and life insurance pool managed by Minnesota Management & Budget (MMB) and offered to local units of government. The program is defined in M.S. 43A.316 and provides Minnesota's public employers with the option to purchase an affordable, uniform package of health care and other benefits for employees, their dependents, and retirees.

PEIP is available to local units of government within Minnesota including counties, cities, townships, school districts, and other jurisdictions.

SERVICES PROVIDED

The availability of PEIP helps public sector employers obtain competitive health insurance rates. In some cases, PEIP provides the lowest bid. In other cases, PEIP offers a bid that competing insurers will then attempt to match or improve upon in order to be selected. In these instances, even when PEIP is ultimately not the successful bidder, it helps local units of government negotiate with other carriers to obtain the best rates possible. Since July 1, 2014, all public school districts, with few exceptions, are required to obtain an insurance bid from PEIP. PEIP offers public sector employers and their employees a choice of health plans wherever possible - unlike the majority of employers in the state that contract with a single carrier or health plan for health insurance.

STRATEGIES

- PEIP promotes efficiency in government by leveraging the State Employee Group Insurance Program's (SEGIP's) benefit design and vendor contracts to benefit local units of government.
- By providing efficient and affordable care, we contribute to the State's goals of healthy Minnesotans and efficient and accountable government services.
- We strive for effectiveness and efficiency in terms of administrative and service costs, as well as choice/flexibility for members.
- Our key partners are public employers in Minnesota, and the health plans participating in PEIP.
- Following the benefit design of SEGIP, PEIP's health insurance plan uses a tiered network design that encourages members to choose primary care clinics that are most cost-efficient while still allowing access to higher-cost clinics. Because the state is such a large purchaser of health care, this benefit design also enables the state to obtain better prices from providers that wish to be placed in the most favorable cost tiers which attract the most members. In this way, PEIP is able to maintain a broad choice of providers while also containing cost growth.

RESULTS

- PEIP's membership is provided with plans similar to the highly successful Minnesota Advantage Health Plan provided to state employees.
- PEIP is considered a "benchmark" plan for public employers in Minnesota: effective July 1, 2014, with few exceptions, all Minnesota public school districts are required to obtain an insurance quote from PEIP, to be used for comparison and negotiations purposes.

- PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates. As of July 2016, more than 21,000 employees, retirees, and dependents are covered under PEIP, the most to ever have participated in the program.

Type of Measure	Name of Measure	Previous	Current	Dates
Results	<i>Contingency reserve level.</i> A program of this size, combined with the inherent fluctuation of voluntary membership requires a contingency reserve equal to 20% - 40% of annual premium.	27.9%	31.7%	6/30/13-6/30/14, 6/30/14-6/30/15
Results	<i>Medical claims costs (per member per month).</i> PEIP's goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.	-2.6%	9.2%	6/30/13-6/30/14, 6/30/14-6/30/15
Results	<i>PEIP's administrative expenses, as a percent of premiums.</i> PEIP's goal is to stay below the industry norm of 8%.	7.3%	7.7%	6/30/14, 6/30/15

M. S. 43A.316 (<https://www.revisor.mn.gov/statutes/?id=43A.316>) provides the legal authority for the Public Employees Insurance Program.

(Dollars in Thousands)

Expenditures By Fund

	Actual FY14	Actual FY15	Actual FY16	Estimate FY17	Forecasted Base	
					FY18	FY19
1000 - General	0	294	0	0	0	0
4700 - Public Employees Insurance	80,174	94,114	100,664	116,099	116,099	116,099
Total	80,174	94,408	100,664	116,099	116,099	116,099
<i>Biennial Change</i>				42,182		15,434
<i>Biennial % Change</i>				24		7

Expenditures by Category

Compensation	158	164	171	174	174	174
Operating Expenses	80,016	94,244	100,493	115,923	115,923	115,923
Other Financial Transactions	0	0	0	2	2	2
Total	80,174	94,408	100,664	116,099	116,099	116,099
<u>Full-Time Equivalents</u>	1.5	1.5	1.5	1.5	1.5	1.5

1000 - General

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Direct Appropriation	0	294	0	0	0	0
Expenditures	0	294	0	0	0	0
<i>Biennial Change in Expenditures</i>				(294)		
<i>Biennial % Change in Expenditures</i>				(100)		

4700 - Public Employees Insurance

	Actual		Actual	Estimate	Forecast Base	
	FY14	FY 15	FY 16	FY17	FY18	FY19
Balance Forward In	24,058	33,031	35,072	44,765	47,456	50,147
Receipts	89,532	95,815	110,357	118,790	118,790	118,790
Net Transfers	0					
Expenditures	80,174	94,114	100,664	116,099	116,099	116,099
Balance Forward Out	33,416	34,732	44,765	47,456	50,147	52,839
<i>Biennial Change in Expenditures</i>				42,476		15,434
<i>Biennial % Change in Expenditures</i>				24		7
Full-Time Equivalents	1.5	1.5	1.5	1.5	1.5	1.5