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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 48,000 vendor payments per week
- Process approximately 55,000 employee paychecks twice a month
- The State Employee Group Insurance Program manages health benefits for over 129,000 employees, dependents, and retirees
- Responsible for producing twice a year budget and economic forecasts
- Negotiate contracts with 13 state employee bargaining units

### PURPOSE

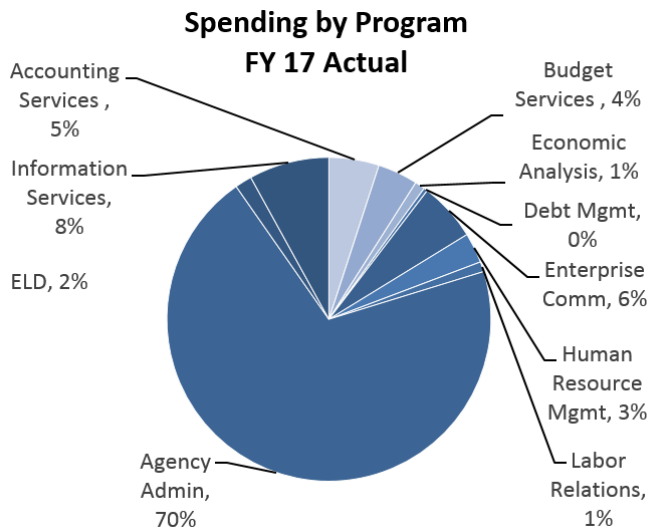
Minnesota Management & Budget (MMB) is responsible for managing state finances, payroll, and human resources and provides systems for daily business operations and information access and analysis.

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:

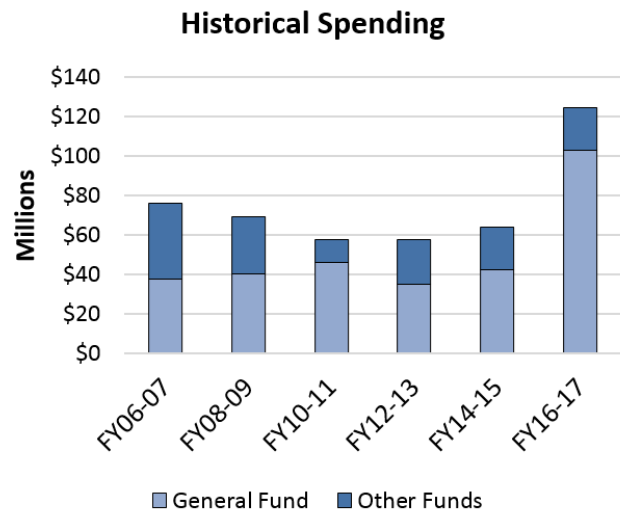
- Supporting the governor in establishing policies, and proposing and implementing budgets that benefit the people of Minnesota.
- Providing information that is accessible, consistent, objective, timely, and accurate to state agencies, the legislature, and citizens.
- Providing financial, human resources, 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



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The dramatic increase in FY16-17 spending is the result of \$327 million in one-time funds appropriated to MMB to administer the Health Insurance Premium Subsidy Program. In fiscal year 2017, we expended \$56.4 million of these funds. 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.

The majority of MMB's operating budget is funded through general fund appropriations. For fiscal years 2018 and 2019, \$51.6 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 \$45.5 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 \$2 billion, and \$349 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.

# Management and Budget

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	19,928	83,241	108,576	27,175	26,081	26,081
2000 - Restrict Misc Special Revenue	69	69	78	74	74	74
2001 - Other Misc Special Revenue	12,742	8,441	12,379	20,684	12,185	12,218
4700 - Public Employees Insurance	100,664	106,279	156,327	163,777	170,815	176,855
5200 - Management Analysis	7,549	7,484	9,666	11,972	12,229	13,120
5600 - State Employees Insurance	859,348	874,002	928,897	979,791	1,046,258	1,113,239
6000 - Miscellaneous Agency	33,146	34,044	35,430	37,340	37,320	37,300
<b>Total</b>	<b>1,033,447</b>	<b>1,113,562</b>	<b>1,251,354</b>	<b>1,240,813</b>	<b>1,304,962</b>	<b>1,378,887</b>
Biennial Change				345,158		191,682
Biennial % Change				16		8

## **Expenditures by Program**

Statewide Services	40,289	99,236	130,699	59,905	50,569	51,493
Statewide Insurance Programs	993,159	1,014,326	1,120,654	1,180,908	1,254,393	1,327,394
<b>Total</b>	<b>1,033,447</b>	<b>1,113,562</b>	<b>1,251,354</b>	<b>1,240,813</b>	<b>1,304,962</b>	<b>1,378,887</b>

## **Expenditures by Category**

Compensation	23,189	24,280	26,223	27,583	28,736	28,888
Operating Expenses	1,010,163	1,032,293	1,143,469	1,213,131	1,276,137	1,349,910
Grants, Aids and Subsidies	0	56,391	81,529			
Capital Outlay-Real Property	20	0	1			
Other Financial Transaction	74	598	132	99	89	89
<b>Total</b>	<b>1,033,447</b>	<b>1,113,562</b>	<b>1,251,354</b>	<b>1,240,813</b>	<b>1,304,962</b>	<b>1,378,887</b>

## **Full-Time Equivalent**

	232.74	237.14	248.11	255.93	257.95	256.15
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# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In	400	3,144	272,370	743		
Direct Appropriation	31,364	361,465	34,448	35,104	25,946	25,946
Transfers In	3,241	8,269	839	1,573	207	207
Transfers Out	12,030	17,170	9,674	10,245	72	72
Cancellations	3	96	188,662			
Balance Forward Out	3,043	272,370	744			
<b>Expenditures</b>	<b>19,928</b>	<b>83,241</b>	<b>108,576</b>	<b>27,175</b>	<b>26,081</b>	<b>26,081</b>
Biennial Change in Expenditures				32,581		(83,589)
Biennial % Change in Expenditures				32		(62)
Full-Time Equivalents	139.43	143.14	144.58	149.30	143.30	141.50

## 2000 - Restrict Misc Special Revenue

Balance Forward In	7	8	9	10	10	10
Receipts	71	70	79	74	74	74
Balance Forward Out	8	9	10	10	10	10
<b>Expenditures</b>	<b>69</b>	<b>69</b>	<b>78</b>	<b>74</b>	<b>74</b>	<b>74</b>
Biennial Change in Expenditures				13		(4)
Biennial % Change in Expenditures				10		(3)

## 2001 - Other Misc Special Revenue

Balance Forward In	12,524	11,057	13,954	12,901	4,009	3,616
Receipts	10,778	10,892	11,139	11,446	11,446	11,446
Transfers In	190	311	347	346	346	346
Transfers Out		150	160			
Balance Forward Out	10,750	13,669	12,900	4,009	3,616	3,190
<b>Expenditures</b>	<b>12,742</b>	<b>8,441</b>	<b>12,379</b>	<b>20,684</b>	<b>12,185</b>	<b>12,218</b>
Biennial Change in Expenditures				11,880		(8,660)
Biennial % Change in Expenditures				56		(26)
Full-Time Equivalents	24.40	25.70	28.06	26.50	26.00	26.00

## 4700 - Public Employees Insurance

Balance Forward In	35,072	44,770	61,739	78,235	91,335	104,525
Receipts	110,357	123,248	172,823	176,877	184,005	191,415

# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Balance Forward Out	44,765	61,739	78,235	91,335	104,525	119,085
<b>Expenditures</b>	<b>100,664</b>	<b>106,279</b>	<b>156,327</b>	<b>163,777</b>	<b>170,815</b>	<b>176,855</b>
Biennial Change in Expenditures				113,161		27,566
Biennial % Change in Expenditures				55		9
Full-Time Equivalents	1.55	1.57	1.54	1.30	1.30	1.30

## 5200 - Management Analysis

Balance Forward In	1,178	1,098	1,735	2,970	2,464	2,578
Receipts	7,317	7,993	10,902	11,466	12,343	12,858
Balance Forward Out	946	1,608	2,971	2,464	2,578	2,316
<b>Expenditures</b>	<b>7,549</b>	<b>7,484</b>	<b>9,666</b>	<b>11,972</b>	<b>12,229</b>	<b>13,120</b>
Biennial Change in Expenditures				6,606		3,711
Biennial % Change in Expenditures				44		17
Full-Time Equivalents	25.48	22.72	27.84	31.74	37.40	37.40

## 5600 - State Employees Insurance

Balance Forward In	249,092	225,021	256,829	292,344	309,877	306,212
Receipts	834,935	904,775	964,430	997,345	1,042,614	1,098,935
Transfers In	83,456	6,160	2,113	900	900	900
Transfers Out	83,476	6,180	2,133	921	921	921
Balance Forward Out	224,659	255,774	292,342	309,877	306,212	291,887
<b>Expenditures</b>	<b>859,348</b>	<b>874,002</b>	<b>928,897</b>	<b>979,791</b>	<b>1,046,258</b>	<b>1,113,239</b>
Biennial Change in Expenditures				175,337		250,809
Biennial % Change in Expenditures				10		13
Full-Time Equivalents	41.88	44.01	46.09	47.09	49.95	49.95

## 6000 - Miscellaneous Agency

Balance Forward In	5,523	5,082	5,688	7,332	7,194	8,576
Receipts	32,705	34,650	37,074	37,202	38,702	38,702
Balance Forward Out	5,082	5,688	7,332	7,194	8,576	9,978
<b>Expenditures</b>	<b>33,146</b>	<b>34,044</b>	<b>35,430</b>	<b>37,340</b>	<b>37,320</b>	<b>37,300</b>
Biennial Change in Expenditures				5,580		1,850
Biennial % Change in Expenditures				8		3

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2019 Appropriations	35,104	35,104	35,104	70,208
<b>Base Adjustments</b>				
Current Law Base Change		(9,219)	(9,219)	(18,438)
Pension Allocation		61	61	122
Approved Transfer Between Appropriation		0	0	0
<b>Forecast Base</b>	<b>35,104</b>	<b>25,946</b>	<b>25,946</b>	<b>51,892</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	74	74	74	148
<b>Forecast Base</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>148</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	20,684	12,185	12,218	24,403
<b>Forecast Base</b>	<b>20,684</b>	<b>12,185</b>	<b>12,218</b>	<b>24,403</b>
<b>Fund: 4700 - Public Employees Insurance</b>				
Planned Spending	163,777	170,815	176,855	347,670
<b>Forecast Base</b>	<b>163,777</b>	<b>170,815</b>	<b>176,855</b>	<b>347,670</b>
<b>Fund: 5200 - Management Analysis</b>				
Planned Spending	11,972	12,229	13,120	25,349
<b>Forecast Base</b>	<b>11,972</b>	<b>12,229</b>	<b>13,120</b>	<b>25,349</b>
<b>Fund: 5600 - State Employees Insurance</b>				
Planned Spending	979,791	1,046,258	1,113,239	2,159,497
<b>Forecast Base</b>	<b>979,791</b>	<b>1,046,258</b>	<b>1,113,239</b>	<b>2,159,497</b>
<b>Fund: 6000 - Miscellaneous Agency</b>				
Planned Spending	37,340	37,320	37,300	74,620
<b>Forecast Base</b>	<b>37,340</b>	<b>37,320</b>	<b>37,300</b>	<b>74,620</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
<b>Forecast Revenues</b>	<b>74</b>	<b>74</b>	<b>74</b>	<b>148</b>

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	11,446	11,446	11,446	22,892
<b>Fund: 4700 - Public Employees Insurance</b>				
Forecast Revenues	176,877	184,005	191,415	375,420
<b>Fund: 5200 - Management Analysis</b>				
Forecast Revenues	11,466	12,343	12,858	25,201
<b>Fund: 5600 - State Employees Insurance</b>				
Forecast Revenues	997,345	1,042,614	1,098,935	2,141,549
<b>Fund: 6000 - Miscellaneous Agency</b>				
Forecast Revenues	37,202	38,702	38,702	77,404
<b><i>Non-Dedicated</i></b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	30	30	30	60



**Program:** Statewide Services  
**Activity:** Accounting Services

[mn.gov/mmb/](http://mn.gov/mmb/)

**AT A GLANCE**

- Supports state operations in the areas of accounting, payroll, and financial reporting
- Provides functional support of two financial management systems: Statewide Integrated Financial Tools (SWIFT) and the Statewide Employee Management System (SEMA4)
- 67,370 employees paid during CY 2017
- 2.5 million payments made to vendors during FY 2018
- As of August 2018, there are over 7,000 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, state employees, and the individuals and organizations that do business with the state.

**SERVICES PROVIDED**

We provide the following services:

- Establish statewide policies and procedures for financial management to safeguard assets and comply with legal requirements.
- Maintain and direct the operation and use of the statewide accounting and payroll systems.
- Process bi-weekly payroll for state employees and issue payments to individuals, businesses, nonprofit organizations, 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>
Results	Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion for the Comprehensive Annual Financial Report	Both met	Both met	2017, 2018
Quality	State agency payments issued within 30 days	98.03%	97.78%	2017, 2018
Quality	Payments issued electronically	90.86%	90.63%	2017, 2018
Quality	Employee timesheets processed electronically	94.51%	95.87%	2017, 2018

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

## Accounting Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	4,819	4,960	5,062	5,447	5,460	5,460
<b>Total</b>	<b>4,819</b>	<b>4,960</b>	<b>5,062</b>	<b>5,447</b>	<b>5,460</b>	<b>5,460</b>
Biennial Change				730		411
Biennial % Change				7		4
<b><u>Expenditures by Category</u></b>						
Compensation	4,512	4,739	4,895	5,135	5,148	5,148
Operating Expenses	305	215	166	307	307	307
Other Financial Transaction	2	6	0	5	5	5
<b>Total</b>	<b>4,819</b>	<b>4,960</b>	<b>5,062</b>	<b>5,447</b>	<b>5,460</b>	<b>5,460</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>47.11</b>	<b>47.53</b>	<b>46.73</b>	<b>47.50</b>	<b>47.50</b>	<b>46.50</b>

# Accounting Services

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		167				
Direct Appropriation	13,938	14,012	14,031	14,042	5,460	5,460
Transfers In		16		374		
Transfers Out	8,966	9,228	8,969	8,969		
Cancellations	0	7	0			
Balance Forward Out	153		0			
<b>Expenditures</b>	<b>4,819</b>	<b>4,960</b>	<b>5,062</b>	<b>5,447</b>	<b>5,460</b>	<b>5,460</b>
Biennial Change in Expenditures				730		411
Biennial % Change in Expenditures				7		4
Full-Time Equivalents	47.11	47.53	46.73	47.50	47.50	46.50

**Program: Statewide Services**

**Activity: Budget Services**

[mn.gov/mmb/](http://mn.gov/mmb/)

**AT A GLANCE**

- Provide budget assistance, guidance, instructions, monitoring, implementation, and oversight to more than 100 agencies for the state’s \$84 billion biennial budget
- Develop and present to the Legislature the Governor’s operating and capital budget recommendations
- Annually release February and November budget and economic forecasts
- Release Results First findings regarding the effectiveness of programs in 2-3 new policy areas each year

**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 informed policy-making statewide results management through Results First, the publication of a statewide dashboard (<https://mn.gov/mmb/mn-dashboard/>), and by convening cross-agency meetings such as Results for Children and Youth.

**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, Fiscal Note Tracking System – FNTS, Appropriation Maintenance Application – AMA, Capital Budget System – CBS)	BPAS – 74% FNTS – 83%	BPAS – 79% FNTS – 87% AMA – 95% CBS – 93%	2015, 2017

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Proportion of policy maker respondents familiar with Results First findings who use this information about program effectiveness in decision-making.	44%	53%	2017, 2018

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

## Budget Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	3,027	3,546	3,439	4,095	3,893	3,893
2001 - Other Misc Special Revenue	78	34	178			
<b>Total</b>	<b>3,105</b>	<b>3,580</b>	<b>3,617</b>	<b>4,095</b>	<b>3,893</b>	<b>3,893</b>
Biennial Change				1,028		74
Biennial % Change				15		1
<b><u>Expenditures by Category</u></b>						
Compensation	2,959	3,423	3,503	3,701	3,710	3,710
Operating Expenses	145	147	114	394	183	183
Other Financial Transaction	1	10				
<b>Total</b>	<b>3,105</b>	<b>3,580</b>	<b>3,617</b>	<b>4,095</b>	<b>3,893</b>	<b>3,893</b>
<b><u>Full-Time Equivalent</u></b>						
	<b>27.32</b>	<b>29.35</b>	<b>30.59</b>	<b>30.50</b>	<b>29.80</b>	<b>29.00</b>

# Budget Services

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		442		211		
Direct Appropriation	4,633	4,681	3,443	3,451	3,686	3,686
Transfers In	547	207	207	433	207	207
Transfers Out	1,709	1,780				
Cancellations	3	4				
Balance Forward Out	441		211			
<b>Expenditures</b>	<b>3,027</b>	<b>3,546</b>	<b>3,439</b>	<b>4,095</b>	<b>3,893</b>	<b>3,893</b>
Biennial Change in Expenditures				961		252
Biennial % Change in Expenditures				15		3
Full-Time Equivalents	26.89	28.25	28.53	30.50	29.80	29.00

## 2001 - Other Misc Special Revenue

Balance Forward In		62	178			
Receipts	100	150				
Balance Forward Out	22	178				
<b>Expenditures</b>	<b>78</b>	<b>34</b>	<b>178</b>			
Biennial Change in Expenditures				67		(178)
Biennial % Change in Expenditures				60		
Full-Time Equivalents	0.43	1.10	2.06			

**Program:** Statewide Services

**Activity:** Economic Analysis

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

Provides revenue forecasts and reports changes in the national and state economic outlook to state leaders and the public at regular intervals and through speaking engagements and press interviews. Outputs (# per year)

- Budget and Economic Forecast (2)
- Revenue and Economic Update (4)
- Monthly Revenue Memo (8)
- Budget Reserve Report (1)
- Revenue Forecast Uncertainty Report (2)
- Rating Agency Presentation (3)
- Data for bond sale Official Statement (2-3)
- Public Speaking Engagements (20+ events, reaching 1000+ individuals)
- Media Contacts (30+)

#### Resources

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

### PURPOSE and 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 and 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 and 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 and Economic Update* in January, April, July and October of each year. The *Revenue and 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

- 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

Accurate forecasts reduce disruption from short-term budget adjustments and contribute to the state’s financial stability. A forecast error—the percentage 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.

A biennium is part of the February forecast three times: 29, 17, and 5 months from the time the biennium closes. We focus our error calculations on the first February forecast (29 months before closing), because that is the forecast on which the original budget for the biennium is based. To determine whether our accuracy is generally improving over time, we compare the average percentage errors from the most recent three biennia to the errors over the longer term. We find that the more recent forecast error (3.6 percent) is lower than the long-term average error (5.1 percent). This means that the accuracy of the first February revenue forecast has **improved** compared to the long-term average.

	<i>Long-term average forecast error (FY90-91 to FY16-17)</i>	<i>Recent average forecast error (FY12-13 to FY16-17)</i>	<i>Trend in accuracy</i>
1st February forecast (+29 months from actual)	5.1%	3.6%	Improved

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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>).

## Economic Analysis

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	561	558	547	590	574	574
<b>Total</b>	<b>561</b>	<b>558</b>	<b>547</b>	<b>590</b>	<b>574</b>	<b>574</b>
Biennial Change				17		11
Biennial % Change				2		1
<b><u>Expenditures by Category</u></b>						
Compensation	338	307	325	326	327	327
Operating Expenses	224	251	222	264	247	247
Other Financial Transaction		1				
<b>Total</b>	<b>561</b>	<b>558</b>	<b>547</b>	<b>590</b>	<b>574</b>	<b>574</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>3.04</b>	<b>3.03</b>	<b>3.04</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

# Economic Analysis

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		39		17		
Direct Appropriation	456	481	548	549	574	574
Transfers In	183	130	16	24		
Transfers Out	77	90				
Cancellations		1				
Balance Forward Out	0		17			
<b>Expenditures</b>	<b>561</b>	<b>558</b>	<b>547</b>	<b>590</b>	<b>574</b>	<b>574</b>
Biennial Change in Expenditures				17		11
Biennial % Change in Expenditures				2		1
Full-Time Equivalents	3.04	3.03	3.04	3.00	3.00	3.00

Program: Statewide Services  
Activity: Debt Management

[mn.gov/mmb/](http://mn.gov/mmb/)

**AT A GLANCE**

- Current bond ratings: AAA/Aa1/AAA with Standard & Poor’s, Moody’s and Fitch
- \$6.5 billion of general obligation bonds currently outstanding, including \$858 million issued in CY 2017 and \$620 million issued in CY 2018
- \$1.5 billion of other tax-supported debt currently outstanding, including \$20.3 million issued in CY 2017 and anticipated \$30 million issued in CY 2018
- \$64.0 million of revenue bonds currently outstanding
- \$37 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 Minnesotans. 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. Obtaining high credit ratings is important for achieving low interest rates, and we maintain active relationships with the national credit rating agencies. 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 agencies, 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 excellent debt position, having timely, relevant, accurate, and objective information available from Debt Management helps decision-makers effectively influence the state’s debt position.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	<p>The state’s general obligation bond ratings as of July 2016 compared to July 2018. In 2016, Fitch upgraded the state’s rating from AA+ to AAA. In 2018, Standard &amp; Poor’s upgraded the state’s rating from AA+ to AAA.</p> <ul style="list-style-type: none"> <li>• Moody’s</li> <li>• Standard &amp; Poor’s</li> <li>• Fitch</li> </ul>	<p>Aa1 (stable) AA+ (positive) AAA (stable)</p>	<p>Aa1 (stable) AAA (stable) AAA (stable)</p>	<p>July 2016, July 2018</p>
Results	<p>Capital Investment Guidelines</p> <ul style="list-style-type: none"> <li>• Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%)</li> <li>• Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%)</li> <li>• General obligation bonds scheduled to mature quickly (target: 40% within five years and 70% within 10 years)</li> </ul>	<p>2.91%  3.95%  40.3%/71.2%</p>	<p>2.58%  3.85%  42.1%/73.4%</p>	<p>February 2016, February 2018   June 30, 2016, June 30, 2018</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 AAA-rated bonds.</p>	<p>The state’s interest rates were slightly higher than the index (0.04%)</p>	<p>The state’s interest rates were slightly higher than the index (0.03%)</p>	<p>August 2016, August 2018</p>

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

## Debt Management

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	451	370	489	526	508	508
<b>Total</b>	<b>451</b>	<b>370</b>	<b>489</b>	<b>526</b>	<b>508</b>	<b>508</b>
Biennial Change				195		1
Biennial % Change				24		0
<b><u>Expenditures by Category</u></b>						
Compensation	441	360	474	476	477	477
Operating Expenses	9	10	15	50	31	31
Other Financial Transaction		0				
<b>Total</b>	<b>451</b>	<b>370</b>	<b>489</b>	<b>526</b>	<b>508</b>	<b>508</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>3.70</b>	<b>3.08</b>	<b>3.44</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

## Debt Management

## Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		17		19		
Direct Appropriation	467	474	475	476	508	508
Transfers In	11	1	33	31		
Transfers Out	11	122				
Cancellations		1				
Balance Forward Out	16		19			
<b>Expenditures</b>	<b>451</b>	<b>370</b>	<b>489</b>	<b>526</b>	<b>508</b>	<b>508</b>
Biennial Change in Expenditures				195		1
Biennial % Change in Expenditures				24		0
Full-Time Equivalents	3.70	3.08	3.44	4.00	4.00	4.00

**Program: Statewide Services****Activity: Enterprise Human Capital**[mn.gov/mmb/](http://mn.gov/mmb/)

#### AT A GLANCE

- Enhanced the reputation of the state as an employer of choice and worked to attract and retain more people to state service with improved recruiting and retention strategies including pipeline programs, recruiting events, employee and community engagement, and a unified brand
- Supported a diverse workforce and inclusive culture through enhanced training, new programs (Connect700), and internal communication and events
- Created a safer workplace through our pioneering work on the prevention of sexual harassment, including greater emphasis on policy and training for leaders and staff
- Supported employee development with targeted programs: supervisor/manager core (1,111 participants), emerging leaders institute/senior leaders institute 201 participants)
- Managed three enterprise systems that process employee information, benefits, training, and over 19,000 job applications per month on average
- Updated several enterprise policies and procedures, and continuous improve work processes to capture efficiencies

#### PURPOSE & CONTEXT

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

#### SERVICES PROVIDED

- Deliver innovative and strategic human resources (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 EHC 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 HR 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 HR operations.
- Research, plan, and manage projects to develop or update HR programs, services, and systems.
- Deliver training and development courses to sharpen employee skills in current roles, develop potential for advancement, and elevate leadership effectiveness.
- Provide diversity and inclusion training to foster a respectful productive workplace serving all Minnesotans.



## 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.	4 opened, 2 closed	7 opened, 2 closed	FY2016 FY2018
Quantity	Executive branch demographics as of fiscal year end <ul style="list-style-type: none"> <li>• Females</li> <li>• Minorities</li> <li>• Individuals with disabilities</li> <li>• Veterans</li> </ul>	49.8% 11% 6.2% 7.3%	50.0% 13.1% 7% 7.06%	FY2016 FY2018
Quantity	Number of managers and supervisors who completed required training: <ul style="list-style-type: none"> <li>• Diversity and Inclusion</li> <li>• Sexual Harassment and Prevention</li> </ul>	90 82	4,637 260	FY2017 FY2018
Quality	Average survey response from participants rating the effectiveness of training courses (rating scale 1-5, 5 is best): <ul style="list-style-type: none"> <li>• Diversity and Inclusion</li> <li>• Sexual Harassment and Prevention</li> </ul>	NA NA	4.1 and higher 4.2 and higher	FY2017 FY2018
Quantity	% of employees receiving yearly performance feedback	96%	95%	FY2016 FY2017*

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\* Data for FY2018 not yet available.

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

# Enterprise Human Capital

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	3,038	3,176	3,462	3,751	3,753	3,753
2000 - Restrict Misc Special Revenue	69	69	78	74	74	74
2001 - Other Misc Special Revenue	348	243	368	986	829	832
5200 - Management Analysis	1,506	1,679	3,286	5,441	5,477	6,180
<b>Total</b>	<b>4,961</b>	<b>5,167</b>	<b>7,195</b>	<b>10,252</b>	<b>10,133</b>	<b>10,839</b>
Biennial Change				7,319		3,525
Biennial % Change				72		20
<b><u>Expenditures by Category</u></b>						
Compensation	3,915	4,082	4,731	5,986	5,917	5,921
Operating Expenses	1,042	1,079	2,463	4,220	4,170	4,872
Grants, Aids and Subsidies	0					
Capital Outlay-Real Property			0			
Other Financial Transaction	4	5	0	46	46	46
<b>Total</b>	<b>4,961</b>	<b>5,167</b>	<b>7,195</b>	<b>10,252</b>	<b>10,133</b>	<b>10,839</b>
<b><u>Full-Time Equivalent</u></b>	<b>39.16</b>	<b>39.10</b>	<b>43.99</b>	<b>47.64</b>	<b>49.00</b>	<b>49.00</b>

# Enterprise Human Capital

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		391		7		
Direct Appropriation	3,209	3,256	3,469	3,478	3,753	3,753
Transfers In	288	213		266		
Transfers Out	85	675				
Cancellations		9				
Balance Forward Out	374		7			
<b>Expenditures</b>	<b>3,038</b>	<b>3,176</b>	<b>3,462</b>	<b>3,751</b>	<b>3,753</b>	<b>3,753</b>
Biennial Change in Expenditures				1,000		293
Biennial % Change in Expenditures				16		4
Full-Time Equivalents	29.11	29.63	30.83	33.80	30.00	30.00

## 2000 - Restrict Misc Special Revenue

Balance Forward In	7	8	9	10	10	10
Receipts	71	70	79	74	74	74
Balance Forward Out	8	9	10	10	10	10
<b>Expenditures</b>	<b>69</b>	<b>69</b>	<b>78</b>	<b>74</b>	<b>74</b>	<b>74</b>
Biennial Change in Expenditures				13		(4)
Biennial % Change in Expenditures				10		(3)

## 2001 - Other Misc Special Revenue

Balance Forward In	120	39	203	321	219	274
Receipts	78	255	299	538	538	538
Transfers In	190	301	347	346	346	346
Transfers Out		150	160			
Balance Forward Out	39	203	320	219	274	326
<b>Expenditures</b>	<b>348</b>	<b>243</b>	<b>368</b>	<b>986</b>	<b>829</b>	<b>832</b>
Biennial Change in Expenditures				763		307
Biennial % Change in Expenditures				129		23
Full-Time Equivalents	1.80	1.78	2.82	3.50	3.00	3.00

## 5200 - Management Analysis

Balance Forward In	215	226	640	1,752	1,246	1,412
Receipts	1,503	2,023	4,398	4,935	5,643	6,008

# Enterprise Human Capital

# Activity Financing by Fund

*(Dollars in Thousands)*

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
Balance Forward Out	212	570	1,752	1,246	1,412	1,240
<b>Expenditures</b>	<b>1,506</b>	<b>1,679</b>	<b>3,286</b>	<b>5,441</b>	<b>5,477</b>	<b>6,180</b>
Biennial Change in Expenditures				5,543		2,930
Biennial % Change in Expenditures				174		34
Full-Time Equivalents	8.25	7.69	10.34	10.34	16.00	16.00

## 6000 - Miscellaneous Agency

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/](http://mn.gov/mmb/)

### AT A GLANCE

- The State of Minnesota is the state's largest employer with approximately 52,000 employees in 2018.
- Negotiated 9 labor agreements covering 38,000 employees in 2017-2018.
- Directed review and resolution of 354 grievances from July 1, 2016 through June 30, 2018.
- Conducted 56 training modules in the areas of labor relations and investigations for state managers, supervisors and human resources professionals.

### 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	90%	90%	July 1, 2016, June 30, 2018
Results	Ratified labor agreements receive approval by full legislature	100%	100%	July 1, 2016, June 30, 2018
Results	Grievance arbitration awards upholding the state’s position (denial of the grievance)	9 (of 13)	5 (of 12)	July 1, 2016, June 30, 2018

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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.

## Labor Relations

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	810	779	818	1,501	1,198	1,198
2001 - Other Misc Special Revenue	302	201	534	350	350	350
<b>Total</b>	<b>1,112</b>	<b>981</b>	<b>1,352</b>	<b>1,851</b>	<b>1,548</b>	<b>1,548</b>
Biennial Change				1,110		(107)
Biennial % Change				53		(3)
<b><u>Expenditures by Category</u></b>						
Compensation	789	758	756	944	946	946
Operating Expenses	324	221	595	905	600	600
Other Financial Transaction		1	1	2	2	2
<b>Total</b>	<b>1,112</b>	<b>981</b>	<b>1,352</b>	<b>1,851</b>	<b>1,548</b>	<b>1,548</b>
<b><u>Full-Time Equivalent</u></b>						
	<b>6.90</b>	<b>6.79</b>	<b>6.73</b>	<b>9.00</b>	<b>8.00</b>	<b>8.00</b>

## Labor Relations

## Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In		299		305		
Direct Appropriation	1,083	1,099	1,123	1,125	1,198	1,198
Transfers In	100	24		71		
Transfers Out	75	640				
Cancellations		3				
Balance Forward Out	298		305			
<b>Expenditures</b>	<b>810</b>	<b>779</b>	<b>818</b>	<b>1,501</b>	<b>1,198</b>	<b>1,198</b>
Biennial Change in Expenditures				730		77
Biennial % Change in Expenditures				46		3
Full-Time Equivalents	6.90	6.79	6.73	9.00	8.00	8.00

### **2001 - Other Misc Special Revenue**

Balance Forward In	6	13	35	3	3	3
Receipts	308	201	502	350	350	350
Balance Forward Out	12	13	3	3	3	3
<b>Expenditures</b>	<b>302</b>	<b>201</b>	<b>534</b>	<b>350</b>	<b>350</b>	<b>350</b>
Biennial Change in Expenditures				381		(184)
Biennial % Change in Expenditures				76		(21)



**Program:** Statewide Services  
**Activity:** Agency Administration

[mn.gov/mmb/](http://mn.gov/mmb/)

**AT A GLANCE**

- Designed, developed legislation, and managed the premium subsidy program for calendar year 2017 that provided a 25% subsidy to 118,000 Minnesotans, saving them \$137 million in health insurance premium costs
- Provided oversight and managed processes and transactions related to annual \$1 billion budget
- Completed all major financial publications on time—governor’s budget recommendations, February and November economic forecasts, federally mandated financial reports in FY17 and FY18
- Agency human resources staff worked with managers and supervisors to fill 66 vacant positions in FY18
- Compiled over 70 statutorily or legislatively mandated reports

**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
- Coordinate legislative initiatives for Minnesota Management and Budget including legislative outreach, providing agency committee testimony, monitoring of relevant proposed changes to the law, and act as a point of contact for legislative inquiries
- Provide advice on legal compliance and litigation management to MMB and the Governor’s office, and provide employment law advice to human resources staff and management across the executive branch
- 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	Proportion of staff who self-report as minority race or ethnicity	11%	19%	6/30/17 and 6/30/18
Quantity	Proportion of staff who self-report as having a disability	7%	6%	6/30/17 and 6/30/18

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

## Agency Administration

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General	7,222	69,852	93,784	9,861	9,549	9,549
2001 - Other Misc Special Revenue	12,014	7,964	11,299	19,348	11,006	11,036
<b>Total</b>	<b>19,236</b>	<b>77,816</b>	<b>105,083</b>	<b>29,209</b>	<b>20,555</b>	<b>20,585</b>
Biennial Change				37,240		(93,152)
Biennial % Change				38		(69)
<b><u>Expenditures by Category</u></b>						
Compensation	4,355	4,787	3,973	2,981	3,548	3,574
Operating Expenses	14,810	16,082	19,466	26,215	16,994	16,998
Grants, Aids and Subsidies		56,391	81,529			
Capital Outlay-Real Property	20					
Other Financial Transaction	51	556	115	13	13	13
<b>Total</b>	<b>19,236</b>	<b>77,816</b>	<b>105,083</b>	<b>29,209</b>	<b>20,555</b>	<b>20,585</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>44.85</b>	<b>47.65</b>	<b>40.44</b>	<b>36.00</b>	<b>36.00</b>	<b>36.00</b>

# Agency Administration

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In	400	1,788	272,370	85		
Direct Appropriation	7,578	337,462	10,285	10,907	9,621	9,621
Transfers In	2,112	7,678	583	145		
Transfers Out	1,107	4,635	706	1,276	72	72
Cancellations		72	188,662			
Balance Forward Out	1,760	272,370	86			
<b>Expenditures</b>	<b>7,222</b>	<b>69,852</b>	<b>93,784</b>	<b>9,861</b>	<b>9,549</b>	<b>9,549</b>
Biennial Change in Expenditures				26,571		(84,547)
Biennial % Change in Expenditures				34		(82)
Full-Time Equivalents	22.68	24.83	17.26	13.00	13.00	13.00
<b>2001 - Other Misc Special Revenue</b>						
Balance Forward In	12,398	10,943	13,537	12,577	3,787	3,339
Receipts	10,293	10,286	10,338	10,558	10,558	10,558
Transfers In		10				
Transfers Out		0				
Balance Forward Out	10,677	13,275	12,577	3,787	3,339	2,861
<b>Expenditures</b>	<b>12,014</b>	<b>7,964</b>	<b>11,299</b>	<b>19,348</b>	<b>11,006</b>	<b>11,036</b>
Biennial Change in Expenditures				10,669		(8,605)
Biennial % Change in Expenditures				53		(28)
Full-Time Equivalents	22.17	22.82	23.18	23.00	23.00	23.00

**Program: Statewide Services****Activity: Enterprise Communications and Planning**[mn.gov/mmb](http://mn.gov/mmb)

### AT A GLANCE

- Supported internal and external stakeholders in effectively and efficiently executing financial, human resources, and other key enterprise activities, through the use of coordinated communications, strategic planning, consistent branding, plain language, accessibility, and improved digital formats
- Tracked 182 interactions with agencies in the Internal Control and Accountability unit in FY 2017
- Provided over 16,000 hours of consulting services on 117 projects for 32 client agencies in FY 2018
- 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 in achieving 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 Operations (COOP) planning or in response to all hazards, including violent events and catastrophic disasters. Act as the statewide lead in events that disrupt 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	98.7%	98.7%	FY2016, FY2017
Quality	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	98%	98%	FY2017, FY2018
Quantity	Demand for Management Analysis and Development services <ul style="list-style-type: none"> <li>• Total consulting hours</li> <li>• Number of projects</li> <li>• Number of agencies served</li> </ul>	13,500 122 27	16,000 117 32	FY2017, FY2018
Results	Conduct continuity of government planning and exercises with invited representatives of executive (cabinet), judicial, and legislative branches.	100% participation	100% participation	FY2017, FY2018
Results	Percent statewide system user survey respondents reporting overall satisfaction with the system at neutral or above: <ul style="list-style-type: none"> <li>• Budget Planning and Analysis System (BPAS)</li> <li>• Fiscal Note Tracking System (FNTS)</li> <li>• SEMA4</li> <li>• Enterprise Learning Management (ELM)</li> <li>• Statewide Integrated Financial Tools (SWIFT)</li> </ul>	74% 83% 86% 57% 73%	79% 87% 98% n/a 86%	2015, 2017
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.	44.8%	47.4%	FY2017, FY2018

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

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
1000 - General			975	1,404	1,146	1,146
5200 - Management Analysis	6,043	5,805	6,380	6,531	6,752	6,940
<b>Total</b>	<b>6,043</b>	<b>5,805</b>	<b>7,355</b>	<b>7,935</b>	<b>7,898</b>	<b>8,086</b>
Biennial Change				3,442		694
Biennial % Change				29		5
<b><u>Expenditures by Category</u></b>						
Compensation	1,829	1,453	2,872	3,450	3,549	3,622
Operating Expenses	4,208	4,351	4,471	4,456	4,331	4,446
Capital Outlay-Real Property		0	0			
Other Financial Transaction	6	1	12	29	18	18
<b>Total</b>	<b>6,043</b>	<b>5,805</b>	<b>7,355</b>	<b>7,935</b>	<b>7,898</b>	<b>8,086</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>17.23</b>	<b>15.03</b>	<b>25.52</b>	<b>29.90</b>	<b>29.40</b>	<b>29.40</b>

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>1000 - General</b>						
Balance Forward In				99		
Direct Appropriation			1,074	1,076	1,146	1,146
Transfers In				229		
Balance Forward Out			99			
<b>Expenditures</b>			<b>975</b>	<b>1,404</b>	<b>1,146</b>	<b>1,146</b>
Biennial Change in Expenditures				2,379		(87)
Biennial % Change in Expenditures						(4)
Full-Time Equivalents			8.02	8.50	8.00	8.00

**2001 - Other Misc Special Revenue**

Balance Forward In	0	0				
Transfers Out		0				
Balance Forward Out	0					

**5200 - Management Analysis**

Balance Forward In	963	872	1,095	1,218	1,218	1,166
Receipts	5,814	5,971	6,504	6,531	6,700	6,850
Balance Forward Out	734	1,038	1,218	1,218	1,166	1,076
<b>Expenditures</b>	<b>6,043</b>	<b>5,805</b>	<b>6,380</b>	<b>6,531</b>	<b>6,752</b>	<b>6,940</b>
Biennial Change in Expenditures				1,063		781
Biennial % Change in Expenditures				9		6
Full-Time Equivalents	17.23	15.03	17.50	21.40	21.40	21.40

**Program: Statewide Insurance**[mn.gov/mmb/](http://mn.gov/mmb/)**AT A GLANCE**

- Provides insurance benefits to over 129,000 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 2018, 91.9% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels
- Through 2017, 6,400 state employees lost more than 48,400 pounds through an innovative diabetes prevention program launched in 2015
- In calendar year 2017, SEGIP collected \$945.6 million in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups
- Health insurance accounted for approximately 90% of premiums and fees in 2017, while all other benefits combined accounted for the remaining 10%
- Public Employees Insurance Program (PEIP) provides insurance benefits to 35,000 active employees, their dependents, and retirees in 247 **public sector employer groups** (113 school districts, 76 cities and townships, 20 counties, and 38 other units of government)

**PURPOSE & CONTEXT**

The State Employee Group Insurance Program (SEGIP) offers comprehensive insurance benefits to ensure employees and their families have access to high-quality services at an affordable cost. These benefits include health, dental, life, as well as long and short-term disability. 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 and more productive state workforce and which also lower health care costs.

The Public Employees Insurance Program (PEIP), is a health, dental, and life insurance pool offered to local units of government to help public sector employers obtain competitive health insurance rates.

**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.
- Health Plan adult members diagnosed with diabetes have access to Advantage Value for Diabetes (AVD) benefit which reduces out-of-pocket costs for certain high-value medical services, prescription drugs, and testing supplies which reduces the progression of diabetes and the risk of costly complications. AVD pilot began January 1, 2018.

## 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	60.1%	54.1%	2016, 2017
Result	Percent of plan participants enrolled in primary care clinics at the two lowest cost levels	93.3%	91.9%	2017, 2018
Result	Number of prediabetes program participants who have reduced their risk by 50% or more	1,678	1,966	2016, 2017
Results	<i>PEIP medical claims costs (per member per month). PEIP's goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.</i>	1.5%	-5.9%	6/30/15-6/30/16, 6/30/16-6/30/17

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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>).

# Statewide Insurance Programs

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b><u>Expenditures by Fund</u></b>						
4700 - Public Employees Insurance	100,664	106,279	156,327	163,777	170,815	176,855
5600 - State Employees Insurance	859,348	874,002	928,897	979,791	1,046,258	1,113,239
6000 - Miscellaneous Agency	33,146	34,044	35,430	37,340	37,320	37,300
<b>Total</b>	<b>993,159</b>	<b>1,014,326</b>	<b>1,120,654</b>	<b>1,180,908</b>	<b>1,254,393</b>	<b>1,327,394</b>
Biennial Change				294,078		280,225
Biennial % Change				15		12

## **Expenditures by Activity**

State Employee Group Ins Pgrm	892,494	908,047	964,327	1,017,131	1,083,578	1,150,539
Public Employees Insurance Pgrm	100,664	106,279	156,327	163,777	170,815	176,855
<b>Total</b>	<b>993,159</b>	<b>1,014,326</b>	<b>1,120,654</b>	<b>1,180,908</b>	<b>1,254,393</b>	<b>1,327,394</b>

## **Expenditures by Category**

Compensation	4,052	4,371	4,695	4,584	5,114	5,163
Operating Expenses	989,096	1,009,937	1,115,956	1,176,320	1,249,274	1,322,226
Other Financial Transaction	11	18	3	4	5	5
<b>Total</b>	<b>993,159</b>	<b>1,014,326</b>	<b>1,120,654</b>	<b>1,180,908</b>	<b>1,254,393</b>	<b>1,327,394</b>

## **Full-Time Equivalents**

	<b>43.43</b>	<b>45.58</b>	<b>47.63</b>	<b>48.39</b>	<b>51.25</b>	<b>51.25</b>
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# Statewide Insurance Programs

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base	
					FY20	FY21
<b>4700 - Public Employees Insurance</b>						
Balance Forward In	35,072	44,770	61,739	78,235	91,335	104,525
Receipts	110,357	123,248	172,823	176,877	184,005	191,415
Balance Forward Out	44,765	61,739	78,235	91,335	104,525	119,085
<b>Expenditures</b>	<b>100,664</b>	<b>106,279</b>	<b>156,327</b>	<b>163,777</b>	<b>170,815</b>	<b>176,855</b>
Biennial Change in Expenditures				113,161		27,566
Biennial % Change in Expenditures				55		9
Full-Time Equivalents	1.55	1.57	1.54	1.30	1.30	1.30

## 5600 - State Employees Insurance

Balance Forward In	249,092	225,021	256,829	292,344	309,877	306,212
Receipts	834,935	904,775	964,430	997,345	1,042,614	1,098,935
Transfers In	83,456	6,160	2,113	900	900	900
Transfers Out	83,476	6,180	2,133	921	921	921
Balance Forward Out	224,659	255,774	292,342	309,877	306,212	291,887
<b>Expenditures</b>	<b>859,348</b>	<b>874,002</b>	<b>928,897</b>	<b>979,791</b>	<b>1,046,258</b>	<b>1,113,239</b>
Biennial Change in Expenditures				175,337		250,809
Biennial % Change in Expenditures				10		13
Full-Time Equivalents	41.88	44.01	46.09	47.09	49.95	49.95

## 6000 - Miscellaneous Agency

Balance Forward In	5,477	5,037	5,642	7,286	7,148	8,530
Receipts	32,705	34,650	37,074	37,202	38,702	38,702
Balance Forward Out	5,037	5,642	7,286	7,148	8,530	9,932
<b>Expenditures</b>	<b>33,146</b>	<b>34,044</b>	<b>35,430</b>	<b>37,340</b>	<b>37,320</b>	<b>37,300</b>
Biennial Change in Expenditures				5,580		1,850
Biennial % Change in Expenditures				8		3