

# Table of Contents

## Minnesota Management and Budget

<i>Agency Profile</i> .....	1
<i>Agency Expenditure Overview (REVISED)</i> .....	4
<i>Agency Financing by Fund (REVISED)</i> .....	6
<i>Agency Change Summary (REVISED)</i> .....	10
<b><u>Change Item(s)</u></b> .....	13
<i>Operating Adjustment</i> .....	13
<i>Payment Plus</i> .....	15
<i>Transfer of Single Audit Responsibilities from the Legislative Auditor</i> .....	17
<i>Paid Family and Medical Leave Insurance (REVISED)</i> .....	19
<i>Earned Sick and Safe Time (NEW)</i> .....	22
<b><u>Program</u></b> .....	24
<b>Statewide Services</b> .....	24
<b><u>Activity</u></b> .....	24
<b>Accounting Services</b> .....	24
<i>Activity Narrative</i> .....	24
<i>Activity Expenditure Overview</i> .....	26
<i>Activity Financing by Fund</i> .....	27
<b>Budget Services</b> .....	28
<i>Activity Narrative</i> .....	28
<i>Activity Expenditure Overview</i> .....	30
<i>Activity Financing by Fund</i> .....	31
<b>Economic Analysis</b> .....	32
<i>Activity Narrative</i> .....	32
<i>Activity Expenditure Overview</i> .....	34
<i>Activity Financing by Fund</i> .....	35
<b>Debt Management</b> .....	36
<i>Activity Narrative</i> .....	36
<i>Activity Expenditure Overview</i> .....	38
<i>Activity Financing by Fund</i> .....	39
<b>Enterprise Human Capital</b> .....	40
<i>Activity Narrative</i> .....	40
<i>Activity Expenditure Overview (REVISED)</i> .....	42
<i>Activity Financing by Fund (REVISED)</i> .....	43
<b>Agency Administration</b> .....	45
<i>Activity Narrative</i> .....	45
<i>Activity Expenditure Overview</i> .....	47
<i>Activity Financing by Fund</i> .....	48
<b>Enterprise Communications and Planning</b> .....	50
<i>Activity Narrative</i> .....	50
<i>Activity Expenditure Overview</i> .....	52
<i>Activity Financing by Fund</i> .....	53
<b><u>Program</u></b> .....	54
<b>Statewide Insurance Programs</b> .....	54

<i>Program Narrative</i> .....	54
Program Expenditure Overview .....	56
Program Financing by Fund .....	57
<b><u>Additional Documents</u></b> .....	58
<i>Internal Service Funds Statements</i> .....	58

**AT A GLANCE**

- Approximately 265 employees (FTEs) 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
- Produce twice a year budget and economic forecasts
- Manage \$8 billion in state public debt
- Process an average of 55,000 vendor payments per week
- Process approximately 56,000 employee paychecks twice a month
- Oversee and maintain human resources policy for more than 100 state agencies, boards, and commissions, while also providing recruitment, retention, talent management, classification, compensation, and training services
- Negotiate contracts with 13 state employee bargaining units
- The State Employee Group Insurance Program manages health benefits for over 132,000 employees, dependents, and retirees
- Oversee and coordinate the state's systems of internal controls and continuity of operations
- Supported by approximately 64 MNIT employees dedicated to MMB's technology portfolio

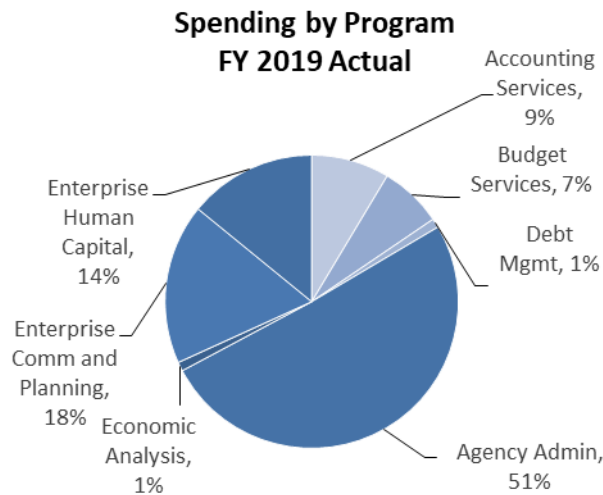
**PURPOSE**

Minnesota Management and Budget (MMB) is responsible for managing state finances, payroll, human resources, and employee insurance, and provides systems for daily business operations and information access and analysis. MMB is a central service agency, serving the governor, the legislature, more than 100 state government entities, a workforce of 56,000 employees, and the public.

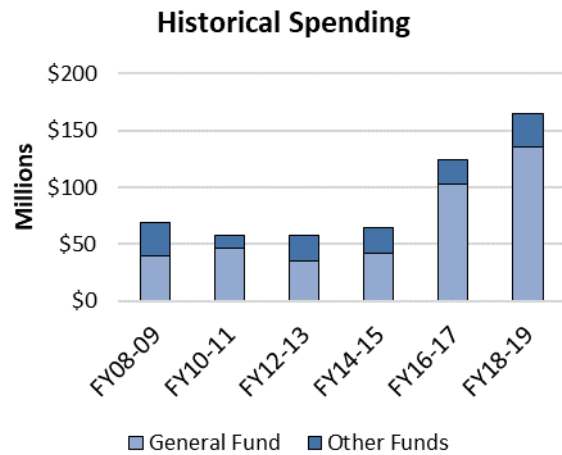
We are stewards of the state's financial and human resources, working together for the people of Minnesota. This mission is at the heart of the services we provide. Our vision is a high-performing and inclusive workforce partnering to deliver effective state services. To achieve our mission and vision, we are driven by the following goals:

- Make decisions based on good data, trusted experts, and community insights
- Modernize state government
- Support and energize a talented workforce and an inclusive workplace
- Engage partners in a collaborative and holistic manner
- Direct and model responsible and transparent fiscal management

## BUDGET



*Source: Budget Planning & Analysis System (BPAS)*



*Source: Consolidated Fund Statement*

The increase in FY16-17 and FY18-19 spending is the result of one-time funds appropriated to MMB to administer the Health Insurance Premium Subsidy Program, which was established effective fiscal year 2017 and ended in fiscal year 2018. Between fiscal years 2017 and 2018, expenditures for this program totaled \$138.1 million. Note that the costs associated with the operation of the State Employees Group Insurance Program (SEGIP) and the Public Employees Insurance Program (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.

MMB's operating budget is supported by a variety of funding sources. In FY18-19, \$53.6 million in general fund expenditures sustained core agency activities in accounting, budgeting, economic analysis, debt management, enterprise human capital, enterprise communications and planning, and agency administration. An additional \$81.7 million from the general fund was spent on the Health Insurance Premium Subsidy Program, which has since ended. \$30.3 million was expended in other special revenue funds, with most expenditures occurring in the Statewide Systems Billing account, which helps fund accounting, human resources, and payroll IT systems that serve the state government enterprise. Additionally, \$20.6 million was spent in internal service funds by the Enterprise Talent Development (ETD) and Management Analysis and Development (MAD) units. These fee-for-service units provide consulting, management, professional development, and training services to their public sector customers.

While not reflected in this document, in FY18-19, SEGIP expenditures totaled \$1.937 billion and PEIP expenditures totaled \$364.5 million. These expenses are primarily driven by health insurance claims, but they also include the programs' operating costs. SEGIP is funded by state agency and employee contributions, and by participant contributions for PEIP.

## STRATEGIES

As a central service agency with an enterprise focus, we achieve success by helping our partners meet their missions and goals. Described below are the strategies MMB engages in to contribute to the strategies in bold.

**Children and Families:** We staff and manage the Minnesota's Children's Cabinet, an interagency partnership that works to ensure Minnesota is the top place to live for all children, no matter their race or ZIP code. We also integrate this priority at MMB by centering state agency work on children and families whenever possible, including to align enterprise fiscal decision-making and communication efforts on our shared vision for children and families.

**Equity and Inclusion:** Enterprise Human Capital and the Office of the Chief Inclusion Officer are both housed in MMB. The staff in these areas support a workforce of over 56,000 people. Equity and inclusion are fundamental to our work every day. We work to ensure agency structures support equity and inclusion, to support inclusive organizational structures, to incorporate this priority in organizational systems and operating procedures, and to diversify state leadership.

**Thriving Communities:** MMB supports all state agencies in providing services to Minnesotans and their communities. Ensuring all communities thrive is at the heart of our collective work. We support this priority by raising funds and helping communities access funding for needed capital investments across Minnesota, assisting with preventing and ending homelessness as a member of the state's interagency council, and leveraging SEGIP's influence as a large provider of health insurance to help reduce health care costs and improve health outcomes for all Minnesotans.

**Fiscal Accountability and Measurable Results:** MMB manages the state's finances and is the steward of state resources. Supporting fiscal accountability and measurable results is integral to what we do. We ensure public trust by responsibly managing state finances and maintaining or improving the state's credit ratings, communicate the state's fiscal priorities and financial information in a way that is accessible and understandable, conduct impact evaluations and deliver findings that are understood, trusted, and used to guide decision-making, and integrate measurable results into work across MMB.

**Minnesota's Environment:** From financial activities to operations, we keep Minnesota's environment at the forefront of our work by serving as an active participant of the Climate Change Subcabinet, collecting information related to estimated greenhouse gas emission reductions associated with budget proposals, contributing to statewide efforts aimed at reducing greenhouse gas emissions, and prioritizing efforts to reduce consumption and target sustainability in all areas of agency operations pursuant to Executive Order 19-27.

---

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) and 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the general legal authority for MMB.

# Management and Budget

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
<b><u>Expenditures by Fund</u></b>								
1000 - General	108,576	26,705	26,778	27,165	27,388	27,388	29,309	29,749
2000 - Restrict Misc Special Revenue	78	83	72	20	76	76	112	149
2001 - Other Misc Special Revenue	12,379	17,800	18,097	15,932	13,559	13,284	13,559	13,284
2005 - Opiate Epidemic Response				300	300	300	300	300
3010 - Coronavirus Relief			505	534	81		81	
4700 - Public Employees Insurance	156,327	208,210	261,930	332,189	395,690	471,790	395,690	471,790
4925 - Paid Family Medical Leave								23
5200 - Management Analysis	9,666	10,889	12,330	10,274	10,551	10,628	10,551	10,628
5600 - State Employees Insurance	928,897	1,008,056	974,050	1,023,279	1,108,674	1,179,997	1,108,674	1,179,997
6000 - Miscellaneous Agency	35,430	37,268	37,159	38,873	39,860	40,375	39,860	40,375
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,448,566</b>	<b>1,596,179</b>	<b>1,743,838</b>	<b>1,598,136</b>	<b>1,746,295</b>
Biennial Change				219,124		560,529		564,943
Biennial % Change				9		20		20
Governor's Change from Base								4,414
Governor's % Change from Base								0
<b><u>Expenditures by Program</u></b>								
Statewide Services	130,699	55,476	57,783	54,225	51,955	51,676	53,912	54,133
Statewide Insurance Programs	1,120,654	1,253,534	1,273,139	1,394,341	1,544,224	1,692,162	1,544,224	1,692,162
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,448,566</b>	<b>1,596,179</b>	<b>1,743,838</b>	<b>1,598,136</b>	<b>1,746,295</b>
<b><u>Expenditures by Category</u></b>								
Compensation	26,223	27,574	30,188	31,612	31,467	31,495	31,973	32,509
Operating Expenses	1,143,469	1,281,330	1,300,347	1,416,762	1,564,394	1,712,182	1,565,845	1,713,625
Grants, Aids and Subsidies	81,529		10					
Capital Outlay-Real Property	1	0	79					
Other Financial Transaction	132	106	298	192	318	161	318	161
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,448,566</b>	<b>1,596,179</b>	<b>1,743,838</b>	<b>1,598,136</b>	<b>1,746,295</b>
Total Agency Expenditures	1,251,354	1,309,011	1,330,922	1,448,566	1,596,179	1,743,838	1,598,136	1,746,295
Internal Billing Expenditures			476	577	566	566	566	566

## Management and Budget

## Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Expenditures Less Internal Billing	1,251,354	1,309,011	1,330,446	1,447,989	1,595,613	1,743,272	1,597,570	1,745,729
<b><u>Full-Time Equivalents</u></b>	248.11	252.51	266.25	272.96	268.24	266.77	272.15	274.45

# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22FY23		Governor's Recommendation FY22FY23	
1000 - General								
Balance Forward In	272,370	833	0	1,144				
Direct Appropriation	34,448	35,104	27,744	27,221	27,221	27,221	27,898	28,338
Open Appropriation							1,244	1,244
Transfers In	839	2,824	470	1,705	207	207	207	207
Transfers Out	9,674	11,975	291	1,538	40	40	40	40
Cancellations	188,662	80	1	1,367				
Balance Forward Out	744		1,144					
Expenditures	108,576	26,705	26,778	27,165	27,388	27,388	29,309	29,749
Biennial Change in Expenditures				(81,337)		833		5,115
Biennial % Change in Expenditures				(60)		2		9
Governor's Change from Base								4,282
Governor's % Change from Base								8
Full-Time Equivalents	144.58	146.64	151.07	149.89	148.63	148.09	152.04	154.77

## 2000 - Restrict Misc Special Revenue

Balance Forward In	9	10	13	15	10	8	10	8
Receipts	79	85	74	15	74	74	110	147
Balance Forward Out	10	13	15	10	8	6	8	6
<b>Expenditures</b>	<b>78</b>	<b>83</b>	<b>72</b>	<b>20</b>	<b>76</b>	<b>76</b>	<b>112</b>	<b>149</b>
Biennial Change in Expenditures				(69)		60		169
Biennial % Change in Expenditures				(43)		66		185
Governor's Change from Base								109
Governor's % Change from Base								72
Full-Time Equivalents				0.04	0.02	0.02	0.52	1.02

## 2001 - Other Misc Special Revenue

Balance Forward In	13,954	13,433	8,366	3,212	305	20	305	20
Receipts	11,139	11,812	13,394	13,175	13,274	13,274	13,274	13,274
Transfers In	347	328						
Transfers Out	160	0	450	150				
Balance Forward Out	12,900	7,773	3,213	305	20	10	20	10
<b>Expenditures</b>	<b>12,379</b>	<b>17,800</b>	<b>18,097</b>	<b>15,932</b>	<b>13,559</b>	<b>13,284</b>	<b>13,559</b>	<b>13,284</b>
Biennial Change in Expenditures				3,850		(7,186)		(7,186)



# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Biennial % Change in Expenditures				13		(21)		(21)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	28.06	27.79	34.58	36.76	35.97	35.25	35.97	35.25

## 2005 - Opiate Epidemic Response

Direct Appropriation			300		300	300	300	300
<b>Expenditures</b>			<b>300</b>		<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
Biennial Change in Expenditures				300		300		300
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents				2.32	2.29	2.28	2.29	2.28

## 3010 - Coronavirus Relief

Balance Forward In					81		81	
Direct Appropriation			525	615	0	0	0	0
Cancellations			19					
Balance Forward Out				81				
<b>Expenditures</b>			<b>505</b>	<b>534</b>	<b>81</b>		<b>81</b>	
Biennial Change in Expenditures				1,039		(958)		(958)
Biennial % Change in Expenditures						(92)		(92)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				2.30				

## 4700 - Public Employees Insurance

Balance Forward In	61,739	78,340	81,810	93,158	93,169	92,404	93,169	92,404
Receipts	172,823	211,680	273,278	332,200	394,925	469,543	394,925	469,543
Balance Forward Out	78,235	81,810	93,158	93,169	92,404	90,157	92,404	90,157
<b>Expenditures</b>	<b>156,327</b>	<b>208,210</b>	<b>261,930</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>	<b>395,690</b>	<b>471,790</b>
Biennial Change in Expenditures				229,581		273,361		273,361
Biennial % Change in Expenditures				63		46		46

# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.54	1.60	1.71	1.80	1.80	1.80	1.80	1.80

## 4925 - Paid Family Medical Leave

Direct Appropriation								23
<b>Expenditures</b>								<b>23</b>
Biennial Change in Expenditures				0		0		23
Biennial % Change in Expenditures								
Governor's Change from Base								23
Governor's % Change from Base								

## 5200 - Management Analysis

Balance Forward In	1,735	3,236	4,302	1,700	1,703	1,764	1,703	1,764
Receipts	10,902	10,474	9,728	10,277	10,612	10,690	10,612	10,690
Balance Forward Out	2,971	2,820	1,700	1,703	1,764	1,826	1,764	1,826
<b>Expenditures</b>	<b>9,666</b>	<b>10,889</b>	<b>12,330</b>	<b>10,274</b>	<b>10,551</b>	<b>10,628</b>	<b>10,551</b>	<b>10,628</b>
Biennial Change in Expenditures				2,049		(1,425)		(1,425)
Biennial % Change in Expenditures				10		(6)		(6)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	27.84	31.47	35.12	32.03	31.93	31.83	31.93	31.83

## 5600 - State Employees Insurance

Balance Forward In	256,829	293,127	295,071	389,601	480,751	565,385	480,751	565,385
Receipts	964,430	1,008,833	1,068,608	1,114,464	1,193,343	1,303,029	1,193,343	1,303,029
Transfers In	2,113	11,723	20,256	1,064	1,064	1,064	1,064	1,064
Transfers Out	2,133	11,744	20,284	1,099	1,099	1,099	1,099	1,099
Balance Forward Out	292,342	293,884	389,601	480,751	565,385	688,382	565,385	688,382
<b>Expenditures</b>	<b>928,897</b>	<b>1,008,056</b>	<b>974,050</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>	<b>1,108,674</b>	<b>1,179,997</b>
Biennial Change in Expenditures				60,377		291,342		291,342
Biennial % Change in Expenditures				3		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	46.09	45.01	43.77	47.82	47.60	47.50	47.60	47.50

# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23

## 6000 - Miscellaneous Agency

Balance Forward In	5,688	7,332	8,205	10,358	11,236	11,526	11,236	11,526
Receipts	37,074	38,141	39,312	39,751	40,150	40,563	40,150	40,563
Balance Forward Out	7,332	8,205	10,358	11,236	11,526	11,714	11,526	11,714
<b>Expenditures</b>	<b>35,430</b>	<b>37,268</b>	<b>37,159</b>	<b>38,873</b>	<b>39,860</b>	<b>40,375</b>	<b>39,860</b>	<b>40,375</b>
Biennial Change in Expenditures				3,334		4,203		4,203
Biennial % Change in Expenditures				5		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2021 Appropriations	27,221	27,221	27,221	54,442
Base Adjustments				
Approved Transfer Between Appropriation	0	0	0	0
Forecast Base	27,221	27,221	27,221	54,442
Change Items				
Operating Adjustment		598	1,019	1,617
Paid Family And Medical Leave Insurance		28		28
Earned Sick and Safe Time		51	98	149
<b>Total Governor's Recommendations</b>	<b>27,221</b>	<b>27,898</b>	<b>28,338</b>	<b>56,236</b>
<b>Fund: 2005 - Opiate Epidemic Response</b>				
FY2021 Appropriations	300	300	300	600
Forecast Base	300	300	300	600
<b>Total Governor's Recommendations</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>600</b>
<b>Fund: 3010 - Coronavirus Relief</b>				
FY2021 Appropriations	615	615	615	1,230
Base Adjustments				
All Other One-Time Appropriations		(615)	(615)	(1,230)
Forecast Base	615	0	0	0
<b>Total Governor's Recommendations</b>	<b>615</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund: 4925 - Paid Family Medical Leave</b>				
Change Items				
Paid Family And Medical Leave Insurance			23	23
<b>Total Governor's Recommendations</b>			<b>23</b>	<b>23</b>
<b>Open</b>				
<b>Fund: 1000 - General</b>				
Change Items				
Transfer of Single Audit Responsibilities from the Legislative Auditor		1,244	1,244	2,488
<b>Total Governor's Recommendations</b>		<b>1,244</b>	<b>1,244</b>	<b>2,488</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	20	76	76	152
Forecast Base	20	76	76	152

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<b>Change Items</b>				
Payment Plus		36	73	109
<b>Total Governor's Recommendations</b>	<b>20</b>	<b>112</b>	<b>149</b>	<b>261</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	15,932	13,559	13,284	26,843
Forecast Base	15,932	13,559	13,284	26,843
<b>Total Governor's Recommendations</b>	<b>15,932</b>	<b>13,559</b>	<b>13,284</b>	<b>26,843</b>
<b>Fund: 4700 - Public Employees Insurance</b>				
Planned Spending	332,189	395,690	471,790	867,480
Forecast Base	332,189	395,690	471,790	867,480
<b>Total Governor's Recommendations</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>	<b>867,480</b>
<b>Fund: 5200 - Management Analysis</b>				
Planned Spending	10,274	10,551	10,628	21,179
Forecast Base	10,274	10,551	10,628	21,179
<b>Total Governor's Recommendations</b>	<b>10,274</b>	<b>10,551</b>	<b>10,628</b>	<b>21,179</b>
<b>Fund: 5600 - State Employees Insurance</b>				
Planned Spending	1,023,279	1,108,674	1,179,997	2,288,671
Forecast Base	1,023,279	1,108,674	1,179,997	2,288,671
<b>Total Governor's Recommendations</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>	<b>2,288,671</b>
<b>Fund: 6000 - Miscellaneous Agency</b>				
Planned Spending	38,873	39,860	40,375	80,235
Forecast Base	38,873	39,860	40,375	80,235
<b>Total Governor's Recommendations</b>	<b>38,873</b>	<b>39,860</b>	<b>40,375</b>	<b>80,235</b>
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	15	74	74	148
Change Items				
Payment Plus		36	73	109
<b>Total Governor's Recommendations</b>	<b>15</b>	<b>110</b>	<b>147</b>	<b>257</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	13,175	13,274	13,274	26,548

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Total Governor's Recommendations	13,175	13,274	13,274	26,548
<b>Fund: 4700 - Public Employees Insurance</b>				
Forecast Revenues	332,200	394,925	469,543	864,468
Total Governor's Recommendations	332,200	394,925	469,543	864,468
<b>Fund: 5200 - Management Analysis</b>				
Forecast Revenues	10,277	10,612	10,690	21,302
Total Governor's Recommendations	10,277	10,612	10,690	21,302
<b>Fund: 5600 - State Employees Insurance</b>				
Forecast Revenues	1,114,464	1,193,343	1,303,029	2,496,372
Total Governor's Recommendations	1,114,464	1,193,343	1,303,029	2,496,372
<b>Fund: 6000 - Miscellaneous Agency</b>				
Forecast Revenues	39,751	40,150	40,563	80,713
Total Governor's Recommendations	39,751	40,150	40,563	80,713
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	30	30	30	60
Total Governor's Recommendations	30	30	30	60

# Minnesota Management and Budget

## FY 2022-23 Biennial Budget Change Item

### Change Item Title: Operating Adjustment

Fiscal Impact (\$000s)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
General Fund					
Expenditures	(1,367)	598	1,019	1,019	1,019
Revenues	0	0	0	0	0
Other Funds					
Expenditures	0	0	0	0	0
Revenues	0	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(1,367)	598	1,019	1,019	1,019
FTEs	0	3.41	6.68	6.68	6.68

### Recommendation:

The Governor recommends a reduction of \$1.367 million to the FY 2021 general fund operating appropriation and additional funding of \$598,000 in FY 2022 and \$1.019 million in each subsequent year from the general fund to maintain the current level of service delivery at Minnesota Management and Budget (MMB).

This recommendation represents a 3.0% increase to MMB's general fund base budget for the FY 2022-23 biennium.

### Rationale/Background:

The FY 2021 operating reduction reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, information technology, and legal services also grow.

Agencies face challenging decisions to manage these costs within existing budgets while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For MMB, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- Managing the state hiring freeze, which saves the state money while ensuring the most critical functions of state government continue.
- Exploring workplace space redesign to create a more modern workplace for employees, which will reduce MMB's physical footprint and decrease lease costs.
- Proposing Payment Plus, a virtual credit card program that will expedite payment to the state's vendors and generate general fund revenue and savings to state agencies. MMB has already dedicated significant resources within the agency's existing operating budget to develop the program.
- Developing new technology solutions, such as exploring a new enterprise E-Payment system, which can make payments more efficient and less paper-driven.

Efficiencies will continue in the next biennium; however, cost growth puts pressure on budgets and without additional resources, service delivery erodes. Budget pressures in MMB reduce services that can show up as new cost pressures for other state agencies. For MMB, this means:

- Reduced ability to support policymakers and state agencies with budget and decision analysis.
- Reduced ability to provide analysis to support data-driven decision-making processes in the state and apply this data to immediate work needs.
- Less ability to monitor regulatory compliance for the state's debt portfolio and slower approvals for capital projects, thus delaying the delivery of the projects themselves.
- Restricted ability to maintain strong continuity of state operations, quickly manage emergencies such as the COVID-19 pandemic, and swiftly provide essential information to members of the public, public officials, the press, and state agencies and their employees.
- Less IT projects and initiatives that meet new business needs and improve government efficiency.
- Reduced training services for the state's enterprise IT systems which increases user errors and reduces the efficiency of state agency human resources, finance, and payroll staff.
- Larger caseloads per person in the Enterprise Human Capital Division, resulting in less oversight over state agencies' human resources law and policy compliance and decreased responsiveness to their requests for guidance.

### **Proposal:**

The Governor recommends reducing MMB's FY 2021 general fund operating appropriation by \$1.367 million. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by MMB. For MMB, the recommended operating adjustment will cover:

- Expected and anticipated employee compensation cost growth
- Projected cost increases for the agency's information technology services, which keep the state's enterprise IT systems secure and operating and help employees work efficiently.

### **Results:**

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



## Minnesota Management and Budget

### FY 2022-23 Biennial Budget Change Item

#### Change Item Title: Payment Plus

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
<b>Minnesota Management and Budget Non-Operating</b>				
General Fund				
Expenditures	0	0	0	0
Revenues	336	671	671	671
<b>Minnesota Management and Budget</b>				
Special Revenue Fund				
Expenditures	36	73	73	73
Revenues	36	73	73	73
Net Fiscal Impact = (Expenditures – Revenues)	(336)	(671)	(671)	(671)
<b>FTEs</b>	<b>0.5</b>	<b>1</b>	<b>1</b>	<b>1</b>

#### Recommendation:

The Governor recommends the establishment of Payment Plus, a rebate program that allows state vendors to receive payments by a virtual credit card. Through this program, the state will receive a percentage of the payment in the form of a rebate. The Governor recommends the rebates, less program administrative costs, be credited to the general fund, except where prohibited by federal regulations or where funds are dedicated by the Minnesota Constitution.

Payment Plus is anticipated to generate general fund revenue of approximately \$336,000 in FY 2022 and \$671,000 each year thereafter.

#### Rationale/Background:

Payment Plus provides state vendors the option of a new – and faster – way to receive payments. Currently, vendors receive payments within 30 days in accordance with Minnesota's Prompt Payment Law. Payment Plus provides immediate payments through a virtual credit card from U.S. Bank, the state's purchasing card service provider. Rather than issuing individual checks, the state would make a monthly credit card payment to U.S. Bank. This maximizes cash flow for both the state and the vendor.

#### Proposal:

When a vendor opts to receive a payment through Payment Plus, the state receives 2.1375% of the purchase as a rebate. The rebate, less a 0.15% administrative fee retained by Minnesota Management and Budget (MMB), will be credited as non-dedicated revenue to the general fund, except where prohibited by federal regulations or where funds are dedicated by the Minnesota Constitution.

Based on FY 2019 and FY 2020 state agency spending and estimated participation rates, MMB and U.S. Bank anticipate \$48.427 million in state agency purchases will be paid through Payment Plus each year, resulting in approximately \$1.035 million in annual rebates. MMB will retain approximately \$73,000 each year to administer the program in coordination with U.S. Bank, state agency finance staff, and the state's vendors. This leaves a balance of \$962,000.

MMB estimates \$671,000 of this balance would be deposited to the general fund as non-dedicated revenue each year. Another \$291,000 of the total rebates would occur in funds protected by federal regulations or the Minnesota Constitution and be returned to the accounts where the spending occurred.

MMB anticipates it will launch Payment Plus on October 1, 2021. Rebates will be credited on a quarterly basis with the final quarter credited in the subsequent fiscal year. For these reasons, the FY 2022 estimate reflects a 50% reduction in rebate revenues.

**Results:**

MMB intends to track the following measures to evaluate the performance of the Payment Plus program.

<i><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Previous</b></i>	<i><b>Current</b></i>	<i><b>Dates</b></i>
Quality	Number and percentage of state vendors participating in Payment Plus	N/A (new program)	N/A (new program)	Measured annually
Quality	Number and percentage of state government expenditures processed via Payment Plus	N/A (new program)	N/A (new program)	Measured annually

**Statutory Change(s):**

This proposal requires an amendment to Minnesota Statutes, Chapter 16A.

# Minnesota Management and Budget

## FY 2022-23 Biennial Budget Change Item

### Change Item Title: Transfer of Single Audit Responsibilities from the Legislative Auditor

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
<b>Office of the Legislative Auditor</b>				
General Fund				
Expenditures	(1,244)	(1,244)	(1,244)	(1,244)
Revenues	0	0	0	0
<b>Minnesota Management and Budget</b>				
General Fund				
Expenditures	1,244	1,244	1,244	1,244
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
<b>FTEs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Recommendation:

The Governor recommends an annual appropriation increase, estimated to be \$1.244 million, to Minnesota Management and Budget (MMB) to hire an outside auditor to conduct the federally required annual single audit of State of Minnesota federal grant spending. The Governor also recommends a corresponding annual reduction to the Office of the Legislative Auditor (OLA) budget since it will discontinue performing the annual audit beginning in FY 2022.

### Rationale/Background:

The Federal Single Audit Act of 1984 was created to ensure organizations receiving federal grants use the funds in compliance with the federal government's requirements. If Minnesota does not complete the required single audit, the state is at risk of losing federal funding, which totaled \$19.8 billion in FY 2020.

The single audit requires a statewide examination of federal funds received by State of Minnesota agencies. The OLA was designated as the auditor for the state's single audit by a Memorandum of Understanding (MOU) between: "U.S. Department of Agriculture – Office of the Inspector General, Minnesota Department of Finance, Minnesota Office of the Legislative Auditor, and Minnesota Office of the State Auditor, signed April 21, 1983." Since that time, the OLA has performed this audit.

Funding to conduct the federally required annual single audit of State of Minnesota federal grant spending is currently part of the OLA's base appropriation. However, on January 4, 2021, the Legislative Auditor notified the Legislative Audit Commission and MMB that the OLA will discontinue performing the annual single audit beginning with the FY 2021 audit, which occurs in FY 2022.

### Proposal:

The Governor recommends providing an open appropriation to MMB for the costs necessary to pay an outside auditor to conduct the annual single audit, a function that must continue under federal law. Based on a four-year average of the costs incurred by the OLA to complete the single audit, this proposal assumes the use of an outside auditor will cost approximately \$1.244 million annually.

The below table shows the total hours and costs incurred by the OLA for performing the single audit from fiscal year 2017 through fiscal year 2020.

<b>Fiscal Year</b>	<b>Hours</b>	<b>Cost</b>
2017	11,319	\$1,203,606
2018	10,988	\$1,047,611
2019	11,829	\$1,005,127
2020	17,815	\$1,721,242
<b>Average</b>	<b>12,988</b>	<b>\$1,244,397</b>

The Governor also recommends an appropriation reduction to the OLA of \$1.244 million annually.

**Statutory Change(s):**

This proposal requires an amendment to Minnesota Statutes, Chapter 16A.

# Minnesota Management and Budget

## FY 2022-23 Biennial Budget Change Item

### Change Item Title: Paid Family and Medical Leave Insurance

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures				
DEED	10,828	0	0	0
MMB	28	0	0	0
MMB Non-Operating	0	1,930	3,727	3,727
DLI	528	0	0	0
Supreme Court	20	0	0	0
DHS	0	0	0	468
Legislature-LCC	11	0	0	0
Transfer In	0	11,416	0	0
Paid Family Medical Leave Fund				
Expenditures				
DEED	0	23,880	51,671	50,755
MMB	0	23	13	13
DLI	0	518	468	618
DHS	0	574	0	115
Court of Appeals	0	0	0	5,600
Benefits	0		780,569	780,569
Revenues	0	446,199	862,769	880,024
Transfer Out	0	11,416	0	0
Net Fiscal Impact = (Expenditures – Revenues)	11,416	(419,848)	(26,321)	(38,159)
FTEs	14	75	301	326

### Recommendation:

The Governor recommends \$11.416 million from the general fund in FY 2022 only and applying a 0.6% employer premium rate to employee wages beginning in calendar year 2023 to establish a Paid Family and Medical Leave Insurance program. The Governor recommends allowing employees to pay for one-half of the premium rate. In FY 2023 only, the Governor recommends a transfer of \$11.416 million from the Paid Family and Medical Leave fund to the general fund to reimburse agencies' startup costs. State appropriations will support the development of an IT system for collecting premiums and paying benefits, as well as initial staffing and administrative resources required to implement and operate this program at the Department of Employment and Economic Development, Minnesota Management and Budget, Department of Labor and Industry, the Supreme Court, Court of Appeals and the Legislative Coordinating Commission.

### Rationale/Background:

Paid Family and Medical Leave is a program that most employees will need at one point but approximately 26 percent of all family and medical leaves do not include any wage replacement. According to the "Paid Family & Medical Leave Insurance: Options for Designing and Implementing a Minnesota Program" released in February 2016, around 10% of Minnesota workers take a family or medical leave in any given year. Fifty-nine percent (59%)

of current leaves in Minnesota are for own-health reasons (other than pregnancy), 17 percent are for bonding/parental leave (including pregnancy disability), and 24 percent of leaves are for caretaking a seriously ill family member.

Low-wage employees, certain minority groups, younger workers, and less educated populations are much more likely to manage leaves without any pay. Minnesota workers are less likely to receive compensation during leave for their own serious health condition or family care than for pregnancy or parental (bonding/maternity/paternity) leave. For many low-income Minnesotans, taking leave with little or no pay can create significant economic instability for their families, often during some of the most challenging times.

Without a comprehensive state paid family and medical leave program, Minnesotans are missing out on the economic stability and economy-boosting effects of keeping people employed while welcoming a new family member, caring for a sick loved one, or recovering from an illness or injury.

### **Proposal:**

The Governor recommends creating a new Minnesota Family and Medical Leave Program administered by DEED. This program will provide wage replacement for family and medical leaves and will provide job protections for recipients, so they are assured of continued employment with their employer upon their return. Premiums collected will fund program benefits and ongoing administrative costs. Appropriations from the general fund and the new Paid Family and Medical Leave Fund will allocate:

- \$34.708 million in FY 2022-23 and \$102.426 million in FY 2024-25 for the Department of Employment and Economic Development will support the creation of a premium collection system, benefits payment system, user interface development, and program administration.
- \$1.930 million in FY 2022-23 and \$7.454 million in FY 2024-25 will be provided to Minnesota Management and Budget Non-Operating to offset employer-paid premium costs in the general fund for state executive and judicial branch agencies and offset the costs to agencies for obtaining notice acknowledgments from employees.
- \$51 thousand in FY 2022-23 and \$26 thousand in FY 2024-25 for Minnesota Management and Budget will fund state executive branch employee workplace notice costs as well as upgrades to the state's payroll system necessary for the collection of premiums.
- \$1.046 million in FY 2022-23 and \$1.086 million in FY 2023-25 for the Department of Labor and Industry will fund oversight and compliance costs related to the program as well as IT systems upgrades.
- \$20 thousand in FY 2022-23 for the Supreme Court will fund a onetime update to the existing case management system that would calculate interest on judgments against employers.
- Starting in FY 2025, \$5.6 million per year would fund costs related to appeals filed with the Court of Appeals for denied benefit claims.
- \$11 thousand in FY 2022-23 for the Legislature-LCC will support onetime payroll system updates.
- \$574 thousand in FY 2023 and \$115 thousand ongoing starting in FY 2025 for the Department of Human Services to make systems modifications necessary for the implementation of the program. Income generated by individuals through participation in the family and medical leave program will be considered in eligibility determinations for MFIP, DWP, SNAP, Housing Support, MSA, GA, RCA, MA, MinnesotaCare, and CCAP. Implementation of the Minnesota Family and Medical Leave Program will also increase medical assistance nursing home rates starting in calendar year 2025. Nursing homes are reimbursed through a cost based method. The general fund cost of this is \$468 thousand in fiscal year 2025.

### **Impact on Children and Families:**

Similar programs in other states have shown improvements in economic stability for families and positive impacts for children. Societal benefits include retaining more women in the labor force, reductions in the need and associated costs for nursing home and other institutional care, reductions in the need for public assistance when a new baby arrives, and less infant care shortages.

**Equity and Inclusion:**

According to the 2016 report, while almost three-quarters of Minnesota workers received at least some pay when they were out of work for family or medical reasons, low-wage (46%); black (42%); or Hispanic (39%); younger (39%); part-time (38%) or less educated (38%) workers are much more likely to manage leaves without any pay. This proposal is intended to help address that inequality and the economic impacts that that inequality has on these workers.

**IT Related Proposals:**

This recommendation includes funding for IT costs to create a system for collecting premiums from employers and paying program benefits to recipients. The development of the Paid Family and Medical Leave system will be a multi-year project. The total cost to build the system between FY 2022-2026 is \$67.841 million, including \$5.973 million for staff costs.

**Results:**

Department of Employment and Economic Development will track the following:

- Amount of leave taken
- Amount of benefit payments made to recipients
- Employer opt-outs
- Employee opt-ins
- Program tax collections and balance
- Customer satisfaction

# Minnesota Management and Budget

## FY 2022-23 Biennial Budget Change Item

### Change Item Title: Earned Sick and Safe Time

Fiscal Impact (\$000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	1,357	2,039	1,729	1,729
DLI	1,306	1,941	1,631	1,631
MMB	51	98	98	98
Revenues	104	207	207	207
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,253	1,832	1,522	1,522
FTEs	10.8	13.6	13.6	13.6

### Request:

The Governor recommends requiring employers to provide employees one hour of earned sick and safe time for every 30 hours worked up to a maximum of 48 hours per year. This earned sick and safe time could be used for the employee's own health condition or to care for an ill family member, or for certain absences due to domestic abuse, sexual assault, or stalking.

### Rationale/Background:

Working Minnesotans need paid time off to care for themselves or a loved one when they get sick. In 2016, over 900,000 working Minnesotans did not have job-protected paid time off, nearly one third of working people in the state. Many workers can't afford to take unpaid time off work to care for themselves or a sick child and may feel forced to go to work sick, putting customers at risk of also falling ill. The COVID-19 pandemic has demonstrated now more than ever Minnesotans need paid time off.

Paid sick time laws have already passed in thirteen states and three Minnesota cities – Minneapolis, St. Paul, and Duluth – have passed ordinances requiring earned sick and safe time. A statewide law will ensure all working Minnesotans have the right to paid time off regardless of where they live or work, supporting health and economic well-being. The proposal also benefits employers through improved employee recruitment and retention, improved employee morale, fewer workplace injuries, and a healthier workplace.

### Proposal:

This proposal requires employers to enable covered employees to accrue a minimum of one hour of earned sick and safe time for every 30 hours worked. Sick time begins to accrue at the start of employment and may be used 90 calendar days after the start of employment. The proposal applies to employers with one or more employees and employees who work at least 80 hours in a year. Accrued paid time off may be used for:

- certain health conditions of the employee or the employee's family member(s);
- certain absences due to domestic abuse, sexual assault, or stalking of the employee or employee's family member;
- certain weather or public emergencies; or
- certain exposure to communicable disease.



As with all changes to labor laws, outreach and education of the new requirements is critical for implementation and compliance. The Department of Labor and Industry (DLI) will communicate the new requirements through various social media and print efforts to inform employers of their responsibilities and employees of their rights. DLI anticipates an increase in the number of inquiries it currently receives from employers, workers and the public related specifically to this new right to paid sick time, and it assumes that it will receive complaints from workers alleging that their employers did not provide the paid time off.

The Department will be responsible for investigating allegations of noncompliance which would require intake; complainant interviews; worker and witness interviews of those identified by the complainant; collection and review of documents provided by the complainant or workers and other witnesses identified by the complainant; preparation for onsite workplace investigation; interviews of employers and management employees and other workers at the workplace; review of payroll records and other relative documents; determination of violations; calculation of back wages owed; preparation of appropriate documentation and communications; and engagement in efforts to informally resolve the violations found.

### **Impact on Children and Families:**

Children and families would benefit from the proposal in multiple ways. Parents would be able to afford to take time off work to take care of themselves or their children when they are ill, to attend medical appointments, or obtain medical attention or services related to domestic abuse, sexual assault, or stalking. The proposal would also allow employees to use accrued paid time off to care for a child when school has been closed due to inclement weather, supporting child health and wellbeing. Public health would be improved by taking away a financial disincentive for ill employees to remain in the workplace or to send an ill child to daycare or school. Access to paid time off supports greater economic security for Minnesota families.

### **Equity and Inclusion:**

Low-wage workers, workers of color, and workers in the service industry are more likely to lack paid sick time. Statewide earned sick and safe time improves equitable access to a basic workplace benefit so all Minnesotans can afford to take care of themselves and their family members when they are sick without risking losing their jobs.

### **Results (DLI):**

This recommendation is designed to increase the number of employees eligible for paid sick time. DLI will track compliance efforts and enforcement actions taken related to this recommendation.

**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 statewide systems: Statewide Integrated Financial Tools (SWIFT) and the Statewide Employee Management System (SEMA4)
- 67,028 employees paid during calendar year 2019
- 2.9 million payments made to vendors during FY 2020
- As of August 2020, there are nearly 7,000 users of the SWIFT and SEMA4 systems and over 90,000 users of the Self-Service system
- Resolve accounting and payroll issues and establish policies related to the state's COVID-19 activities and funds

#### PURPOSE AND CONTEXT

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

Accounting Services supports fiscal accountability and measurable results by responsibly managing and reporting on state finances. We indirectly support the other priorities by managing systems and processes that enable other state agencies to achieve their results.

#### SERVICES PROVIDED

- 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	2018, 2019
Quality	State agency payments issued within 30 days	98.69%	98.74%	2019, 2020
Quality	Payments issued electronically	91.37%	89.32%	2019, 2020

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Employee timesheets processed electronically	96.37%	96.56%	2019, 2020

---

Minnesota Statutes, Chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB's Accounting Services activities.

## Accounting Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

### Expenditures by Fund

1000 - General	5,062	4,792	5,136	5,269	5,282	5,282	6,650	6,774
2000 - Restrict Misc Special Revenue							36	73
<b>Total</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>	<b>6,686</b>	<b>6,847</b>
Biennial Change				552		159		3,128
Biennial % Change				6		2		30
Governor's Change from Base								2,969
Governor's % Change from Base								28

### Expenditures by Category

Compensation	4,895	4,628	5,011	5,162	5,162	5,162	5,322	5,483
Operating Expenses	166	164	125	107	120	120	1,364	1,364
Other Financial Transaction	0							
<b>Total</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>	<b>6,686</b>	<b>6,847</b>

### Full-Time Equivalents

<b>46.73</b>	<b>43.69</b>	<b>45.81</b>	<b>45.81</b>	<b>45.10</b>	<b>44.72</b>	<b>46.60</b>	<b>47.68</b>
--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

## Accounting Services

## Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
<b>1000 - General</b>								
Balance Forward In		13		51				
Direct Appropriation	14,031	14,041	5,187	5,282	5,282	5,282	5,406	5,530
Open Appropriation							1,244	1,244
Transfers Out	8,969	9,248		64				
Cancellations	0	15						
Balance Forward Out	0		51					
<b>Expenditures</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>	<b>6,650</b>	<b>6,774</b>
Biennial Change in Expenditures				552		159		3,019
Biennial % Change in Expenditures				6		2		29
Governor's Change from Base								2,860
Governor's % Change from Base								27
Full-Time Equivalents	46.73	43.69	45.81	45.81	45.10	44.72	46.10	46.68

### 2000 - Restrict Misc Special Revenue

Receipts							36	73
<b>Expenditures</b>							<b>36</b>	<b>73</b>
Biennial Change in Expenditures				0		0		109
Biennial % Change in Expenditures								
Governor's Change from Base								109
Governor's % Change from Base								
Full-Time Equivalents							0.50	1.00

**Program: Statewide Services****Activity: Budget Services**[mn.gov/mmb/](https://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 and maintain public data dashboards
- Collect data and conduct analysis to inform the state's response to the COVID-19 pandemic and the associated social and economic challenges

**PURPOSE AND 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 fiscal accountability and measurable results 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 and Capital Budget Systems.
- Providing leadership and support for informed policymaking and results management through Results First, the publication of data dashboards, and ad hoc analysis.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>2015</i>	<i>2017</i>	<i>2019</i>
Quality	Percentage of survey respondents indicating overall satisfaction with the budget systems (Budget Planning & Analysis System – BPAS, Appropriation Maintenance Application – AMA, Capital Budget System – CBS)	BPAS – 74%	BPAS – 79% AMA – 95% CBS – 93%	BPAS – 95% AMA – 95% CBS – 97%
Results	Proportion of policy maker respondents familiar with Results First findings who use this information about program effectiveness in decision-making.	N/A	44%	53%

---

Minnesota Statutes, Chapters 3 (<https://www.revisor.mn.gov/statutes/?id=3>) and 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provide the legal authority for MMB's Budget Services activities.

## Budget Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

### Expenditures by Fund

1000 - General	3,439	3,817	4,094	4,508	4,534	4,534	4,624	4,713
2001 - Other Misc Special Revenue	178	14	186					
2005 - Opiate Epidemic Response				300	300	300	300	300
<b>Total</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,808</b>	<b>4,834</b>	<b>4,834</b>	<b>4,924</b>	<b>5,013</b>
Biennial Change				1,640		580		849
Biennial % Change				22		6		9
Governor's Change from Base								269
Governor's % Change from Base								3

### Expenditures by Category

Compensation	3,503	3,738	4,110	4,687	4,707	4,707	4,797	4,886
Operating Expenses	114	93	90	116	124	124	124	124
Other Financial Transaction		0	80	5	3	3	3	3
<b>Total</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,808</b>	<b>4,834</b>	<b>4,834</b>	<b>4,924</b>	<b>5,013</b>

Total Agency Expenditures	3,617	3,831	4,280	4,808	4,834	4,834	4,924	5,013
Internal Billing Expenditures				9	9	9	9	9
<b>Expenditures Less Internal Billing</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,799</b>	<b>4,825</b>	<b>4,825</b>	<b>4,915</b>	<b>5,004</b>

### Full-Time Equivalents

	30.59	31.38	36.29	38.81	38.44	38.37	39.17	39.79
--	-------	-------	-------	-------	-------	-------	-------	-------



# Budget Services

# Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		214		632				
Direct Appropriation	3,443	3,451	4,436	4,327	4,327	4,327	4,417	4,506
Transfers In	207	387	290	207	207	207	207	207
Transfers Out		205		658				
Cancellations		30	0					
Balance Forward Out	211		632					
Expenditures	3,439	3,817	4,094	4,508	4,534	4,534	4,624	4,713
Biennial Change in Expenditures				1,346		466		735
Biennial % Change in Expenditures				19		5		9
Governor's Change from Base								269
Governor's % Change from Base								3
Full-Time Equivalents	28.53	31.25	34.39	34.59	34.25	34.19	34.98	35.61

## 2001 - Other Misc Special Revenue

Balance Forward In	178		186					
Receipts		200						
Balance Forward Out		186						
<b>Expenditures</b>	<b>178</b>	<b>14</b>	<b>186</b>					
Biennial Change in Expenditures				(5)		(186)		(186)
Biennial % Change in Expenditures				(3)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents	2.06	0.13	1.90	1.90	1.90	1.90	1.90	1.90

## 2005 - Opiate Epidemic Response

Direct Appropriation			300		300	300	300	300
<b>Expenditures</b>			<b>300</b>		<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
Biennial Change in Expenditures			300			300		300
Biennial % Change in Expenditures								
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents			2.32		2.29	2.28	2.29	2.28

**Program:** Statewide Services

**Activity:** Economic Analysis

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

### AT A GLANCE

Provide revenue forecasts and report changes in the national and state economic outlook to state leaders and the public through the regular publication of reports and through speaking engagements and press interviews, as described below (with the number of outputs each year in parentheses):

- Budget and Economic Forecast (2)
- Quarterly 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+)

In response to the COVID-19 pandemic and economic disruptions:

- May 2020 Interim Budget Projection, providing updated projections of economic conditions and major revenue sources (1)
- Updated revenue planning estimate for next biennium (1)
- Additional analyses and reports

### PURPOSE AND CONTEXT

Economic Analysis forecasts state tax revenues in November and February each year as required by state law. 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 for future years and to ensure that the budgets already enacted 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. The Economic Analysis Unit is led by the State Economist, whose services are provided by contract with the University of Minnesota.

### 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's budget reserve.
- Analysis of uncertainty in Minnesota's revenue projections.

## 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 five 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.

<i>Type of measure</i>	<i>Name of Measure</i>	<i>Long-term average forecast error (FY90-91 to FY18- 19)</i>	<i>Recent average forecast error (FY12-13 to FY18- 19)</i>	<i>Trend in accuracy</i>
Quality	1st February forecast error (+29 months from actual)	4.9%	3.6%	Improved

---

Minnesota Statutes, Sections 16A.103 (<https://www.revisor.mn.gov/statutes/cite/16A.103>) and 16A.152 (<https://www.revisor.mn.gov/statutes/cite/16A.152>) provide the legal authority for MMB's Economic Analysis activities.

## Economic Analysis

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
--	----------------	----------------	----------------	------------------	----------------------------	--	---	--

### Expenditures by Fund

1000 - General	547	568	591	591	591	591	599	607
<b>Total</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>599</b>	<b>607</b>
Biennial Change				68		0		24
Biennial % Change				6		(0)		2
Governor's Change from Base								24
Governor's % Change from Base								2

### Expenditures by Category

Compensation	325	341	361	327	345	346	353	362
Operating Expenses	222	227	231	264	246	245	246	245
<b>Total</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>599</b>	<b>607</b>

### Full-Time Equivalents

<b>3.04</b>	<b>3.28</b>	<b>3.01</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.06</b>	<b>3.13</b>
-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

# Economic Analysis

# Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
<b>1000 - General</b>								
Balance Forward In		21						
Direct Appropriation	548	549	591	591	591	591	599	607
Transfers In	16	9	1					
Transfers Out		10						
Cancellations		1						
Balance Forward Out	17		0					
<b>Expenditures</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>599</b>	<b>607</b>
Biennial Change in Expenditures				68		0		24
Biennial % Change in Expenditures				6		(0)		2
Governor's Change from Base								24
Governor's % Change from Base								2
Full-Time Equivalents	3.04	3.28	3.01	3.00	3.00	3.00	3.06	3.13

**Program:** Statewide Services

**Activity:** Debt Management

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

### AT A GLANCE

- Current bond ratings: AAA/Aa1/AAA with Standard & Poor's, Moody's and Fitch
- \$6.4 billion of general obligation bonds currently outstanding, including \$662 million issued in calendar year 2019 and \$1.199 billion issued in calendar year 2020 (inclusive of refinancings)
- \$1.5 billion of other tax-supported debt currently outstanding, including \$26.7 million issued in calendar year 2019 and an anticipated \$147 million issued in calendar year 2020
- \$18.6 million of revenue bonds currently outstanding
- \$48 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
- Present to credit rating agencies on the impact of the COVID-19 pandemic on state finances and Minnesota's comprehensive public health response

### PURPOSE AND CONTEXT

Debt Management is responsible for both debt management and capital budget implementation and the compliance associated with each. Both functions seek to increase state government's capacity to manage our fiscal resources to ensure exceptional service and value for Minnesotans. We serve state agencies, local government grantees, bondholders, the governor, the Legislature, and the public.

The bonds and other debt we sell finance and refinance capital projects and programs authorized in law. When selling bonds, Debt Management works 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 comply with the established Capital Investment Guidelines.

Debt Management 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 support fiscal accountability by responsibly managing Minnesota's debt obligations and accessing capital markets in a manner that is most advantageous to the state. 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. 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 contribute to thriving communities by helping deliver critical infrastructure and necessary investments throughout Minnesota. We advise stakeholders on financing mechanisms for delivering more energy efficient infrastructure. We assist recipients of capital appropriations—including state agencies, local governments, and their nonprofit partners—navigate processes to understand requirements for receiving and

accessing project funds. 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><b>Type of Measure</b></i>	<i><b>Name of Measure</b></i>	<i><b>Previous</b></i>	<i><b>Current</b></i>	<i><b>Dates</b></i>
Results	<p>The state's general obligation bond ratings as of July 2018 compared to July 2020. In 2018, Standard &amp; Poor's upgraded the state's rating from AA+ to AAA. In 2020, Standard &amp; Poor's affirmed the AAA and assigned a negative outlook to the rating.</p> <ul style="list-style-type: none"> <li>Moody's</li> <li>Standard &amp; Poor's</li> <li>Fitch</li> </ul>	<p>Aa1 (stable) AAA (stable) AAA (stable)</p>	<p>Aa1 (stable) AAA (negative) AAA (stable)</p>	<p>July 2018, July 2020</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>2.58%</p> <p>3.85%</p> <p>42.1%/73.4%</p>	<p>2.27%</p> <p>3.57%</p> <p>42.2%/74.0%</p>	<p>February 2018, February 2020</p> <p>June 30, 2018, June 30, 2020</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 (0.03%)</p>	<p>The state's interest rates matched the index</p>	<p>August 2018, August 2020</p>

---

Minnesota Statutes, Chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB's Debt Management activities.

## Debt Management

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

### Expenditures by Fund

1000 - General	489	542	580	610	613	613	627	642
<b>Total</b>	<b>489</b>	<b>542</b>	<b>580</b>	<b>610</b>	<b>613</b>	<b>613</b>	<b>627</b>	<b>642</b>
Biennial Change				159		36		79
Biennial % Change				15		3		7
Governor's Change from Base								43
Governor's % Change from Base								4

### Expenditures by Category

Compensation	474	530	569	597	600	603	614	632
Operating Expenses	15	12	11	13	13	10	13	10
<b>Total</b>	<b>489</b>	<b>542</b>	<b>580</b>	<b>610</b>	<b>613</b>	<b>613</b>	<b>627</b>	<b>642</b>

### Full-Time Equivalents

<b>3.44</b>	<b>4.01</b>	<b>3.98</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.11</b>	<b>4.23</b>
-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------



## Debt Management

## Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		20	0					
Direct Appropriation	475	476	570	613	613	613	627	642
Transfers In	33	62	9					
Transfers Out		15		3				
Cancellations		1						
Balance Forward Out	19							
Expenditures	489	542	580	610	613	613	627	642
Biennial Change in Expenditures				159		36		79
Biennial % Change in Expenditures				15		3		7
Governor's Change from Base								43
Governor's % Change from Base								4
Full-Time Equivalents	3.44	4.01	3.98	4.00	4.00	4.00	4.11	4.23

**Program:** Statewide Services  
**Activity:** Enterprise Human Capital

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

### AT A GLANCE

- Support an increasingly diverse workforce and inclusive culture through enhanced training and employee communications and events
- Support employee development with targeted programs for supervisors, managers, emerging leaders, and senior leaders
- Substantially increased access to employee development resources for 10,000 employees via LinkedIn Learning
- Substantially increased access to diversity and inclusion training for employees
- Negotiated nine labor agreements covering 38,000 employees in 2019 through 2020
- Completed the first-ever enterprise employee engagement survey and follow-up activities
- Provide support and guidance to agency human resource and labor relations throughout the COVID-19 pandemic, including guidance on relevant executive orders, paid employee leave, workforce planning strategies, telework and workplace safety, as well as maintain increased and frequent communications with labor unions to keep them informed of management actions

### PURPOSE AND CONTEXT

Enterprise Human Capital (EHC) includes Statewide Human Resources Management and Labor Relations. Statewide Human Resources Management develops and maintains tools and infrastructure for state agency human resources partners to recruit and retain the workforce needed to meet business goals. Labor Relations helps provide efficient and accountable government services by promoting productive relationships with labor organizations representing state employees while integrating the needs of management.

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 serve human resources, supervisory, and managerial staff in over 100 state agencies, boards, and commissions.

### SERVICES PROVIDED

#### Statewide Human Resources Management

- Deliver strategic human resources solutions and guidance 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 comprehensive policies, and provide training and guidance to ensure agencies comply.
- Develop and maintain systems to record, manage, and retrieve human resources data and information. These systems include employment application processing, learning management, employee record management, and employee benefits.
- Develop and deploy the state's compensation, classification, selection, pay equity, and talent strategy programs. Provide consultation and services to support agency human resources operations.
- 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 and productive workplace serving all Minnesotans.

## Labor Relations

- Represent the state in negotiations for collective bargaining agreements.
- Represent the state in contract mediation and interest arbitration.
- Ensure that negotiated labor agreements maintain flexibility for management and contain economic settlements that are within the state's ability to pay.
- Provide advice and counsel to state agencies on contract administration, including contract interpretation, employee misconduct investigations, employee discipline, and employee performance management.
- 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, and investigations.
- Investigate grievances and prepare for and represent the State in grievance mediation, arbitrations, and settlement negotiations.

## Results

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Continued efforts to hire and retain a diverse workforce: <ul style="list-style-type: none"> <li>• Females</li> <li>• Racial/Ethnic minorities</li> <li>• Individuals with disabilities</li> <li>• Veterans</li> </ul>	50.2% 13.8% 7.2% 7.5%	50.3% 14.4% 7.4% 7.4%	FY 2019, FY2020
Quantity	Number of diversity and inclusion training courses offered by Enterprise Talent Development and completed by state employees	895	7151	FY 2019, FY 2020
Quality	Percentage of state employees who say that would recommend working in state government	N/A	76%	FY 2019
Quality	Percentage of cabinet agency employees receiving yearly performance feedback	87.6 %	88.9%	FY 2018 FY 2019
Quality	Percentage of contract negotiations that result in voluntary negotiated settlements consistent with State's ability to pay	90%	88%	2018, 2020
Quality	Ratified labor agreements receiving approval by full Legislature	100%	100%	2018, 2020

Minnesota Statutes, Chapters 43A (<https://www.revisor.mn.gov/statutes/cite/43a>) and 179 (<https://www.revisor.mn.gov/statutes/cite/179>) provide the legal authority for MMB's Enterprise Human Capital activities.

# Enterprise Human Capital

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

## Expenditures by Fund

1000 - General	4,281	4,450	4,464	4,690	4,606	4,606	4,766	4,921
2001 - Other Misc Special Revenue	902	1,075	1,628	1,724	1,726	1,685	1,726	1,685
5200 - Management Analysis	3,286	2,310	3,845	2,767	2,767	2,767	2,767	2,767
<b>Total</b>	<b>8,469</b>	<b>7,836</b>	<b>9,938</b>	<b>9,181</b>	<b>9,099</b>	<b>9,058</b>	<b>9,259</b>	<b>9,373</b>
Biennial Change				2,814		(962)		(487)
Biennial % Change				17		(5)		(3)
Governor's Change from Base								475
Governor's % Change from Base								3

## Expenditures by Category

Compensation	5,486	5,906	6,459	6,288	6,206	6,164	6,363	6,479
Operating Expenses	2,981	1,925	3,377	2,866	2,868	2,869	2,871	2,869
Grants, Aids and Subsidies			10					
Capital Outlay-Real Property	0							
Other Financial Transaction	2	4	92	27	25	25	25	25
<b>Total</b>	<b>8,469</b>	<b>7,836</b>	<b>9,938</b>	<b>9,181</b>	<b>9,099</b>	<b>9,058</b>	<b>9,259</b>	<b>9,373</b>

Total Agency Expenditures	8,469	7,836	9,938	9,181	9,099	9,058	9,259	9,373
Internal Billing Expenditures			75	95	95	95	95	95
<b>Expenditures Less Internal Billing</b>	<b>8,469</b>	<b>7,836</b>	<b>9,863</b>	<b>9,086</b>	<b>9,004</b>	<b>8,963</b>	<b>9,164</b>	<b>9,278</b>

## Full-Time Equivalents

	50.72	53.63	56.03	53.50	52.13	51.60	53.01	53.32
--	-------	-------	-------	-------	-------	-------	-------	-------

## Enterprise Human Capital

## Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		320		324				
Direct Appropriation	4,592	4,603	5,052	4,770	4,606	4,606	4,766	4,921
Transfers In		154		131				
Transfers Out		622	263	535				
Cancellations		4						
Balance Forward Out	311		324					
Expenditures	4,281	4,450	4,464	4,690	4,606	4,606	4,766	4,921
Biennial Change in Expenditures				424		58		533
Biennial % Change in Expenditures				5		1		6
Governor's Change from Base								475
Governor's % Change from Base								5
Full-Time Equivalents	37.56	38.29	37.17	37.64	36.37	36.35	37.25	38.07

**2001 - Other Misc Special Revenue**

Balance Forward In	238	332	378	149	55	7	55	7
Receipts	801	793	1,400	1,630	1,678	1,678	1,678	1,678
Transfers In	347	328						
Transfers Out	160	0						
Balance Forward Out	323	378	150	55	7		7	
<b>Expenditures</b>	<b>902</b>	<b>1,075</b>	<b>1,628</b>	<b>1,724</b>	<b>1,726</b>	<b>1,685</b>	<b>1,726</b>	<b>1,685</b>
Biennial Change in Expenditures				1,374		59		59
Biennial % Change in Expenditures				69		2		2
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	2.82	2.76	3.91	4.00	4.00	3.59	4.00	3.59

**5200 - Management Analysis**

Balance Forward In	640	1,953	2,686	193	196	199	196	199
Receipts	4,398	2,592	1,353	2,770	2,770	2,770	2,770	2,770
Balance Forward Out	1,752	2,235	193	196	199	202	199	202
<b>Expenditures</b>	<b>3,286</b>	<b>2,310</b>	<b>3,845</b>	<b>2,767</b>	<b>2,767</b>	<b>2,767</b>	<b>2,767</b>	<b>2,767</b>
Biennial Change in Expenditures				1,016		(1,078)		(1,078)
Biennial % Change in Expenditures				18		(16)		(16)

# Enterprise Human Capital

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	10.34	12.58	14.95	11.86	11.76	11.66	11.76	11.66

## 6000 - Miscellaneous Agency

Balance Forward In	46	46	46	46	46	46	46	46
Balance Forward Out	46	46	46	46	46	46	46	46

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

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

### AT A GLANCE

- Designed, developed legislation, and managed the premium subsidy program during fiscal years 2017 and 2018 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 totaling \$2.4 billion in operating, non-operating, and debt service expenditures in FY 2019
- Manage and ensure the consistent operation of eight enterprise IT systems annually
- Provide nearly \$900,000 through annual payroll deductions from State of Minnesota employees to Minnesota charitable organizations in the Combined Charities Campaign
- Lead an Agency Command Team that coordinates the agency's administrative response to the COVID-19 pandemic—including health and safety measures and remote work support—which has allowed over 90% of MMB employees to transition to remote work with minimal disruptions to MMB's services

### PURPOSE AND CONTEXT

Agency Administration provides oversight, management, and support to all MMB operations. It also consists of a compilation of functions within the scope of the work of MMB. Several of these functions provide internally facing services to MMB employees, such as administrative services, fiscal services, and human resources. Other functions within Agency Administration provide services to the state government enterprise, local governments, Legislature, and the public, including legislative and intergovernmental affairs, legal services, and the administration of the Governor's Children's Cabinet, Office of the Chief Inclusion Officer, and the Combined Charities Campaign. Additionally, the Agency Administration activity oversees the operations of the eight enterprise IT systems, including the state's accounting, budgeting, and human resources systems.

### SERVICES PROVIDED

- Manage the department's financial operations, including the processing of MMB's operating, non-operating, and debt service expenses and revenues.
- Support and manage about 265 employees by providing administrative and human resources support and ensuring compliance with statewide and departmental human resources policies and procedures.
- Coordinate legislative initiatives for MMB, which includes conducting legislative outreach, providing agency committee testimony, completing fiscal notes, monitoring relevant proposed changes to the law, and responding to 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 high-profile documents, including the Governor's Biennial Budget, Budget and Economic Forecasts, and the state's Comprehensive Annual Financial Report (CAFR).
- Provide administrative support to the Combined Charities Campaign, which allows State of Minnesota employees to make donations to Minnesota charitable organizations through payroll deductions.
- Develop, plan, and direct the completion of business-related projects, including enterprise IT system projects, in support of agency priorities.

- Support the administration and management of Minnesota’s Children’s Cabinet, an interagency partnership charged with carrying out an agenda for children and families, including coordination of policy and administrative strategies, convening leadership, and engaging state and external stakeholders.
- Through the Office of the Chief Inclusion Officer, implement a statewide vision for equity and inclusion by facilitating the work of the One Minnesota Council on Equity and Inclusion and aligning work across the state government enterprise.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of MMB staff who self-report as minority race or ethnicity	21%	18%	2019, 2020
Quality	Percent of MMB staff who self-report as having a disability	7%	9%	2019, 2020
Quality	Percent of MMB staff retained for at least two years	85%	89%	2018, 2019
Results	Percent of MMB staff who would recommend MMB as a place to work	N/A	78%	2018
Quality	Percent statewide system user survey respondents reporting overall satisfaction with the system at neutral or above (Note: system satisfaction results for the state’s budget systems can be found in the Budget Services Budget Activity Narrative):  -SEMA4 (HR and Payroll System) -Enterprise Learning Management (ELM) -Statewide Integrated Financial Tools (SWIFT) (excluded from 2019 survey due to system upgrades) -Data Warehouse (DW)	98% N/A 86% N/A	87% 75% N/A 81%	2017, 2019

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the legal authority for MMB’s Agency Administration budget activity.



## Agency Administration

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

### Expenditures by Fund

1000 - General	93,784	11,319	10,697	10,473	10,553	10,553	10,806	10,826
2000 - Restrict Misc Special Revenue	78	83	72	20	76	76	76	76
2001 - Other Misc Special Revenue	11,299	16,711	16,283	14,208	11,833	11,599	11,833	11,599
3010 - Coronavirus Relief			505	534	81		81	
4925 - Paid Family Medical Leave								23
<b>Total</b>	<b>105,161</b>	<b>28,113</b>	<b>27,557</b>	<b>25,235</b>	<b>22,543</b>	<b>22,228</b>	<b>22,796</b>	<b>22,524</b>
Biennial Change				(80,482)		(8,021)		(7,472)
Biennial % Change				(60)		(15)		(14)
Governor's Change from Base								549
Governor's % Change from Base								1

### Expenditures by Category

Compensation	3,973	4,561	5,337	5,705	5,452	5,436	5,501	5,533
Operating Expenses	19,544	23,463	22,180	19,451	16,881	16,739	17,085	16,938
Grants, Aids and Subsidies	81,529							
Capital Outlay-Real Property			0					
Other Financial Transaction	115	89	39	79	210	53	210	53
<b>Total</b>	<b>105,161</b>	<b>28,113</b>	<b>27,557</b>	<b>25,235</b>	<b>22,543</b>	<b>22,228</b>	<b>22,796</b>	<b>22,524</b>

Total Agency Expenditures	105,161	28,113	27,557	25,235	22,543	22,228	22,796	22,524
Internal Billing Expenditures			174	196	185	185	185	185
<b>Expenditures Less Internal Billing</b>	<b>105,161</b>	<b>28,113</b>	<b>27,383</b>	<b>25,039</b>	<b>22,358</b>	<b>22,043</b>	<b>22,611</b>	<b>22,339</b>

### Full-Time Equivalents

	40.44	42.55	46.28	50.71	47.41	47.03	47.81	47.80
--	-------	-------	-------	-------	-------	-------	-------	-------

## Agency Administration

## Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
<b>1000 - General</b>								
Balance Forward In	272,370	146		137				
Direct Appropriation	10,285	10,907	10,862	10,593	10,593	10,593	10,846	10,866
Transfers In	583	2,050		1,367				
Transfers Out	706	1,758	28	257	40	40	40	40
Cancellations	188,662	26	0	1,367				
Balance Forward Out	86		137					
<b>Expenditures</b>	<b>93,784</b>	<b>11,319</b>	<b>10,697</b>	<b>10,473</b>	<b>10,553</b>	<b>10,553</b>	<b>10,806</b>	<b>10,826</b>
Biennial Change in Expenditures			(83,934)		(64)		462	
Biennial % Change in Expenditures			(80)		(0)		2	
Governor's Change from Base							526	
Governor's % Change from Base							2	
Full-Time Equivalents	17.26	17.65	17.51	17.51	17.32	17.25	17.72	18.02

### 2000 - Restrict Misc Special Revenue

Balance Forward In	9	10	13	15	10	8	10	8
Receipts	79	85	74	15	74	74	74	74
Balance Forward Out	10	13	15	10	8	6	8	6
<b>Expenditures</b>	<b>78</b>	<b>83</b>	<b>72</b>	<b>20</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>
Biennial Change in Expenditures				(69)		60		60
Biennial % Change in Expenditures				(43)		66		66
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents				0.04	0.02	0.02	0.02	0.02

### 2001 - Other Misc Special Revenue

Balance Forward In	13,537	13,101	7,802	3,063	250	13	250	13
Receipts	10,338	10,819	11,994	11,545	11,596	11,596	11,596	11,596
Transfers Out			450	150				
Balance Forward Out	12,577	7,209	3,063	250	13	10	13	10
<b>Expenditures</b>	<b>11,299</b>	<b>16,711</b>	<b>16,283</b>	<b>14,208</b>	<b>11,833</b>	<b>11,599</b>	<b>11,833</b>	<b>11,599</b>
Biennial Change in Expenditures				2,481		(7,059)		(7,059)
Biennial % Change in Expenditures				9		(23)		(23)
Governor's Change from Base								0

## Agency Administration

## Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base FY22 FY23		Governor's Recommendation FY22 FY23	
Governor's % Change from Base								0
Full-Time Equivalents	23.18	24.90	28.77	30.86	30.07	29.76	30.07	29.76

### 3010 - Coronavirus Relief

Balance Forward In					81		81	
Direct Appropriation			525	615	0	0	0	0
Cancellations			19					
Balance Forward Out				81				
<b>Expenditures</b>			<b>505</b>	<b>534</b>	<b>81</b>		<b>81</b>	
Biennial Change in Expenditures				1,039		(958)		(958)
Biennial % Change in Expenditures						(92)		(92)
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents				2.30				

### 4925 - Paid Family Medical Leave

Direct Appropriation								23
<b>Expenditures</b>								<b>23</b>
Biennial Change in Expenditures				0		0		23
Biennial % Change in Expenditures								
Governor's Change from Base								23
Governor's % Change from Base								

**Program:** Statewide Services

**Activity:** Enterprise Communications and Planning

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

### AT A GLANCE

- Support internal and external stakeholders in effectively and efficiently executing financial, human resources, and other key enterprise activities, through coordinated communications, strategic planning, consistent branding, plain language, accessibility, and improved digital formats
- Tracked 244 interactions with agencies in the Internal Control and Accountability unit in fiscal year 2019
- Provided over 17,000 hours of consulting services on 140 projects for 37 client agencies in fiscal year 2019
- Ensure state agencies have procedures and communicate information that allows state government to continue its critical operations in case of a catastrophic event, emergency, or continuity situation

### PURPOSE & CONTEXT

Enterprise Communications and Planning 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 MMB's mission and vision as described in the agency profile.

This division is made up of four 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), 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 while promoting a uniform brand.
- 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, catastrophic disasters, and emergencies. Act as the statewide lead in events that disrupt services within state government, such as the COVID-19 pandemic.
- 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%	100%	FY 2017, FY 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	98%	98%	FY 2018, FY 2019
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>	16,000 117 32	17,395 140 37	FY 2018, FY 2019
Quality	Percent of continuity of operations plans refreshed annually	N/A	To be determined (new measure)	
Quality	Percent of continuity exercises completed according to schedule (agency and enterprise)	N/A	To be determined (new measure)	
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.	47.4%	68.5%	FY 2018, FY 2019

---

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/cite/16A>) and 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the legal authority for MMB's Enterprise Communications and Planning activities.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

**Expenditures by Fund**

1000 - General	975	1,217	1,216	1,024	1,209	1,209	1,237	1,266
5200 - Management Analysis	6,380	8,579	8,484	7,507	7,784	7,861	7,784	7,861
<b>Total</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,531</b>	<b>8,993</b>	<b>9,070</b>	<b>9,021</b>	<b>9,127</b>
Biennial Change				1,080		(168)		(83)
Biennial % Change				6		(1)		(0)
Governor's Change from Base								85
Governor's % Change from Base								0

**Expenditures by Category**

Compensation	2,872	3,137	3,529	3,473	3,732	3,809	3,760	3,866
Operating Expenses	4,471	6,657	6,007	4,979	5,183	5,183	5,183	5,183
Capital Outlay-Real Property	0	0	79					
Other Financial Transaction	12	2	86	79	78	78	78	78
<b>Total</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,531</b>	<b>8,993</b>	<b>9,070</b>	<b>9,021</b>	<b>9,127</b>

Total Agency Expenditures	7,355	9,796	9,700	8,531	8,993	9,070	9,021	9,127
Internal Billing Expenditures				50	50	50	50	50
<b>Expenditures Less Internal Billing</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,481</b>	<b>8,943</b>	<b>9,020</b>	<b>8,971</b>	<b>9,077</b>

**Full-Time Equivalents**

<b>25.52</b>	<b>27.36</b>	<b>29.37</b>	<b>27.51</b>	<b>28.76</b>	<b>28.75</b>	<b>28.99</b>	<b>29.20</b>
--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY18	FY19	FY20	FY21	FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In		99	0					
Direct Appropriation	1,074	1,076	1,045	1,045	1,209	1,209	1,237	1,266
Transfers In		162	171					
Transfers Out		118		21				
Cancellations		3						
Balance Forward Out	99							
Expenditures	975	1,217	1,216	1,024	1,209	1,209	1,237	1,266
Biennial Change in Expenditures				48		178		263
Biennial % Change in Expenditures				2		8		12
Governor's Change from Base								85
Governor's % Change from Base								4
Full-Time Equivalents	8.02	8.47	9.20	7.34	8.59	8.58	8.82	9.03

**5200 - Management Analysis**

Balance Forward In	1,095	1,282	1,617	1,507	1,507	1,565	1,507	1,565
Receipts	6,504	7,882	8,375	7,507	7,842	7,920	7,842	7,920
Balance Forward Out	1,218	585	1,507	1,507	1,565	1,624	1,565	1,624
<b>Expenditures</b>	<b>6,380</b>	<b>8,579</b>	<b>8,484</b>	<b>7,507</b>	<b>7,784</b>	<b>7,861</b>	<b>7,784</b>	<b>7,861</b>
Biennial Change in Expenditures				1,032		(346)		(346)
Biennial % Change in Expenditures				7		(2)		(2)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	17.50	18.89	20.17	20.17	20.17	20.17	20.17	20.17

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

- Provide insurance benefits to over 132,000 state employees, dependents, and retirees annually in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies
- An innovative benefit design encourages members to use the most efficient health care providers. In 2020, 93% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels
- 7,075 state employees lost more than 56,400 pounds in 2019 through an innovative diabetes prevention program launched in 2015
- SEGIP collected \$1.024 billion in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups in calendar year 2019
- Health insurance accounted for approximately 90% of premiums and fees in 2019, while all other benefits combined accounted for the remaining 10%
- Public Employees Insurance Program (PEIP) provides insurance benefits to 53,000 active employees, dependents, and retirees in 441 public sector employer groups (184 school districts, 152 cities and townships, 22 counties, and 83 other local units of government)
- In response to the COVID-19 pandemic, added provisions to its health plans eliminating out-of-pocket costs for COVID-19 testing, adjusted waiting times for certain members, and offered a special enrollment period

**PURPOSE & CONTEXT**

Statewide Insurance provides health insurance benefits to Minnesota public sector employees, dependents, and retirees and consists of two distinct programs. The State Employee Group Insurance Program (SEGIP) offers comprehensive insurance benefits to ensure state 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 while keeping them and their families healthy.

As Minnesota's largest employer purchaser of health care, SEGIP has 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 and PEIP's health insurance plans, the Minnesota Advantage Health Plan and PEIP Advantage Health Plans, are self-insured plans. They have a tiered network design that encourages members to choose primary care clinics that are the 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 and PEIP can maintain a broad choice of providers while also containing cost growth.

- SEGIP's and PEIP's contracts with medical, dental, and pharmacy administrators include incentives related to cost management, health outcomes, and provider network management and operational performance.
- SEGIP and PEIP support 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.
- SEGIP promotes employee health and wellness, which supports greater workplace productivity and better population health. For example, SEGIP offers financial incentives for employees who earn points by engaging in physical activity, complete online programs, or pursue other wellbeing activities. 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 health plan adult members diagnosed with diabetes have access to the 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. The 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>
Quality	Percent of medical expenditures made through value-based payment methods	59.3%	56.4%	2018 2019
Quality	Percent of plan participants enrolled in primary care clinics at the two lowest cost levels	83%	93%	2019 2020
Results	Number of prediabetes program participants who have reduced their risk by 50% or more	2,093	2,132	2018 2019
Quality	PEIP medical claims costs (per member per month) growth per measurement period. PEIP's goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.	4.4%	7.6%	07/1/17 - 06/30/18, 07/1/18 - 06/30/19

Minnesota Statutes, Chapter 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provides the legal authority for the Statewide Insurance program.

# Statewide Insurance Programs

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23

## Expenditures by Fund

4700 - Public Employees Insurance	156,327	208,210	261,930	332,189	395,690	471,790	395,690	471,790
5600 - State Employees Insurance	928,897	1,008,056	974,050	1,023,279	1,108,674	1,179,997	1,108,674	1,179,997
6000 - Miscellaneous Agency	35,430	37,268	37,159	38,873	39,860	40,375	39,860	40,375
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>	<b>1,544,224</b>	<b>1,692,162</b>
Biennial Change				293,292		568,906		568,906
Biennial % Change				12		21		21
Governor's Change from Base								0
Governor's % Change from Base								0

## Expenditures by Activity

State Employee Group Ins Pgrm	964,327	1,045,324	1,011,209	1,062,152	1,148,534	1,220,372	1,148,534	1,220,372
Public Employees Insurance Pgrm	156,327	208,210	261,930	332,189	395,690	471,790	395,690	471,790
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>	<b>1,544,224</b>	<b>1,692,162</b>

## Expenditures by Category

Compensation	4,695	4,733	4,812	5,373	5,263	5,268	5,263	5,268
Operating Expenses	1,115,956	1,248,790	1,268,327	1,388,966	1,538,959	1,686,892	1,538,959	1,686,892
Other Financial Transaction	3	11	0	2	2	2	2	2
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>	<b>1,544,224</b>	<b>1,692,162</b>

Total Agency Expenditures	1,120,654	1,253,534	1,273,139	1,394,341	1,544,224	1,692,162	1,544,224	1,692,162
Internal Billing Expenditures			227	227	227	227	227	227
<b>Expenditures Less Internal Billing</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,272,912</b>	<b>1,394,114</b>	<b>1,543,997</b>	<b>1,691,935</b>	<b>1,543,997</b>	<b>1,691,935</b>

## Full-Time Equivalents

	47.63	46.61	45.48	49.62	49.40	49.30	49.40	49.30
--	-------	-------	-------	-------	-------	-------	-------	-------

# Statewide Insurance Programs

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<b>4700 - Public Employees Insurance</b>								
Balance Forward In	61,739	78,340	81,810	93,158	93,169	92,404	93,169	92,404
Receipts	172,823	211,680	273,278	332,200	394,925	469,543	394,925	469,543
Balance Forward Out	78,235	81,810	93,158	93,169	92,404	90,157	92,404	90,157
<b>Expenditures</b>	<b>156,327</b>	<b>208,210</b>	<b>261,930</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>	<b>395,690</b>	<b>471,790</b>
Biennial Change in Expenditures				229,581		273,361		273,361
Biennial % Change in Expenditures				63		46		46
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1.54	1.60	1.71	1.80	1.80	1.80	1.80	1.80

## 5600 - State Employees Insurance

Balance Forward In	256,829	293,127	295,071	389,601	480,751	565,385	480,751	565,385
Receipts	964,430	1,008,833	1,068,608	1,114,464	1,193,343	1,303,029	1,193,343	1,303,029
Transfers In	2,113	11,723	20,256	1,064	1,064	1,064	1,064	1,064
Transfers Out	2,133	11,744	20,284	1,099	1,099	1,099	1,099	1,099
Balance Forward Out	292,342	293,884	389,601	480,751	565,385	688,382	565,385	688,382
<b>Expenditures</b>	<b>928,897</b>	<b>1,008,056</b>	<b>974,050</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>	<b>1,108,674</b>	<b>1,179,997</b>
Biennial Change in Expenditures				60,377		291,342		291,342
Biennial % Change in Expenditures				3		15		15
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	46.09	45.01	43.77	47.82	47.60	47.50	47.60	47.50

## 6000 - Miscellaneous Agency

Balance Forward In	5,642	7,286	8,159	10,312	11,190	11,480	11,190	11,480
Receipts	37,074	38,141	39,312	39,751	40,150	40,563	40,150	40,563
Balance Forward Out	7,286	8,159	10,312	11,190	11,480	11,668	11,480	11,668
<b>Expenditures</b>	<b>35,430</b>	<b>37,268</b>	<b>37,159</b>	<b>38,873</b>	<b>39,860</b>	<b>40,375</b>	<b>39,860</b>	<b>40,375</b>
Biennial Change in Expenditures				3,334		4,203		4,203
Biennial % Change in Expenditures				5		6		6
Governor's Change from Base								0
Governor's % Change from Base								0

# Minnesota Management and Budget

## Management Analysis

### 5200 MAD

#### Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Operating Revenues:				
Net Sales	8,597	9,339	9,674	9,752
Rental and Service Fees	0	0	0	0
Insurance Premiums	0	0	0	0
Other Income	1,534	938	938	938
Total Operating Revenues	10,131	10,277	10,612	10,690
Gross Margin	10,131	10,277	10,612	10,690
Operating Expenses:				
Purchased Services	7,054	6,345	6,548	6,548
Salaries and Fringe Benefits	4,415	3,682	3,756	3,833
Claims	0	0	0	0
Depreciation	0	0	0	0
Amortization	0	0	0	0
Supplies and Materials	315	69	69	69
Indirect Costs	121	157	157	157
Other Expenses	27	21	21	21
Total Operating Expenses	11,932	10,274	10,551	10,628
Operating Income (Loss)	(1,801)	3	61	62
Nonoperating Revenues (Expenses):				
Investment Income	0	0	0	0
Interest and Financing Costs	0	0	0	0
Other Nonoperating Expenses	0	0	0	0
Gain (Loss) on Disposal of Capital Assets	0	0	0	0
Total Nonoperating Revenues (Expenses)	0	0	0	0
Income (Loss) Before Transfers and Contributions	(1,801)	3	61	62
Capital Contributions				
Transfers in				
Transfers out				
Change in Net Assets	(1,801)	3	61	62
Net Assets, Beginning as Reported	1,804	3	6	67
Net Assets, Ending	3	6	67	129
Rate increase/(decrease)				
Full Time Equivalents (FTE)	35.0	32.0	32.0	32.0

# Minnesota Management and Budget

## Management Analysis

### 5200 MAD

#### Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	2,559	2,660
Investments		
Accounts Receivable	1,553	1,450
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	4,112	4,110
Noncurrent Assets:		
Deferred Costs	1,588	1,590
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	1,588	1,590
Total Assets	5,700	5,700
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	785	780
Interfund Payables		
Unearned Revenue		
Loans Payable		
Compensated Absences Payable	40	40
Total Current Liabilities	825	820
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	354	355
Other Liabilities	4,517	4,518
Total Noncurrent Liabilities	4,871	4,873
Total Liabilities	5,696	5,693
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt		
Unrestricted	5	6
Total Net Assets	5	6

# Minnesota Management and Budget

## Management Analysis

### 5200 MAD

#### Brief Narrative

---

**Background:**

The 5200 fund includes both Management Analysis and Development (MAD) and Enterprise Talent & Development (ETD). MAD provides consulting services projects for client agencies. ETD supports the professional development of the state's talented work force.

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

Not applicable.

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

Not applicable.

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

Change in net assets is a result of not doing an upfront billing to agencies and impact from COVID19.

**Explain any reasons for rate changes:**

Not applicable.

**Impact of rate changes on affected agencies:**

Not applicable.

# Minnesota Management and Budget

## State Employees Group Insurance Program (SEGIP)

### Fund 5600 - State Employees Insurance

#### Revenues, Expenses and Changes in Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023
Operating Revenues:				
Net Sales				
Rental and Service Fees				
Insurance Premiums	1,055,454	1,100,295	1,178,796	1,288,112
Other Income	8,821	9,130	9,469	9,823
Total Operating Revenues	1,064,275	1,109,425	1,188,265	1,297,935
Gross Margin	1,064,275	1,109,425	1,188,265	1,297,935
Operating Expenses:				
Purchased Services	82,286	93,353	97,938	102,750
Salaries and Fringe Benefits	4,496	5,141	5,030	5,035
Claims	863,099	923,997	1,004,889	1,071,395
Depreciation				
Amortization				
Supplies and Materials	11	15	20	20
Indirect Costs	250	251	251	251
Other Expenses	576	522	546	546
Total Operating Expenses	950,718	1,023,279	1,108,674	1,179,997
Operating Income (Loss)	113,557	86,146	79,591	117,938
Nonoperating Revenues (Expenses):				
Investment Income	5,150	5,039	5,078	5,094
Interest and Financing Costs				
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets				
Total Nonoperating Revenues (Expenses)	5,150	5,039	5,078	5,094
Income (Loss) Before Transfers and Contributions	118,707	91,185	84,669	123,032
Capital Contributions				
Transfers in				
Transfers out	(28)	0		
Change in Net Assets	118,679	91,185	84,669	123,032
Net Assets, Beginning as Reported	224,008	342,687	433,872	518,541
Net Assets, Ending	342,687	433,872	518,541	641,573
Rate increase/(decrease)				
Full Time Equivalents (FTE)				

# Minnesota Management and Budget

## State Employees Group Insurance Program (SEGIP)

### Fund 5600 - State Employees Insurance

#### Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	407,689	410,700
Investments		
Accounts Receivable	36,730	37,000
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Total Current Assets	444,419	447,700
Noncurrent Assets:		
Deferred Costs		
Deferred Pension Outflows		
Deferred Other Postemployment Ben Outflws		
Depreciable Capital Assets (Net)		
Total Noncurrent Assets	0	0
Total Assets	444,419	447,700
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Bond Refunding.....		
Deferred Outflows.....		
Deferred Pension Outflows.....	2,254	2,254
Deferred Other Postemployment Benefits Outflows.....	14	14
Deferred Derivative Instrument Outflows.....		
Total Deferred Outflows of Resources.....	2,268	2,268
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	11,936	11,500
Interfund Payables		
Unearned Revenue	5,968	6,000
Loans Payable		
Claims Payable	79,181	80,000
Compensated Absences Payable	54	54
Total Current Liabilities	97,139	97,554
Noncurrent Liabilities:		
Loans Payable		
Compensated Absences Payable	454	454
Other Postemployment Benefits	264	264
Net Pension Liability	1,396	1,396
Other Liabilities		
Total Noncurrent Liabilities	2,114	2,114
Total Liabilities	99,253	99,668
<b>DEFERRED INFLOWS OF RESOURCES</b>		



# Minnesota Management and Budget

## State Employees Group Insurance Program (SEGIP)

### Fund 5600 - State Employees Insurance

#### Net Assets

(Dollars in Thousands)

	Actual FY 2020	Projected FY 2021
Bond Refunding.....		
Capital Lease Restructuring.....		
Deferred Revenue.....		
Deferred Pension Inflows.....	4,719	4,719
Deferred Other Postemployment Benefits Inflows.....	29	29
Total Deferred Inflows of Resources.....		
Total Net Assets	4,748	4,748

#### NET POSITION

Net Investment in Capital Assets.....	-
Unrestricted .....	342,686
Total Net Position.....	342,686

## Minnesota Management and Budget

### State Employees Group Insurance Program (SEGIP)

#### Fund 5600 - State Employees Insurance

##### Brief Narrative

---

##### **Background:**

SEGIP administers insurance benefits to over 131,000 employees, dependents and retirees. Medical and Dental insurance are self insured with the remaining insurance benefits provided on a fully insured basis. Insurance plans are managed on a calendar year basis. During FY20, Medical Insurance Premiums represented 89% of the Premiums collected by SEGIP.

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

None

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

None

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

Increase in Net Assets in FY20 primarily reflects income to meet the projected Medical Plan Reserve target of 16.7% by the end of the 2020 calendar year.

##### **Explain any reasons for rate changes:**

Increases in Premiums reflect a composite change in the cost of insurance benefits. Changes are implemented on a Plan Year basis. The increase in Medical Premiums is based on a projected 6.1% increase in Medical Claim costs paid by SEGIP during the 2021 to 2023 Plan Years.

##### **Impact of rate changes on affected agencies:**

Insurance benefits paid by agencies are projected to increase by 4.32% during PY 21, and 5.32 % during PY 22.