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Minnesota Management and Budget Non-Operating

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<https://mn.gov/mmb/>

AT A GLANCE

- Maintain approximately 140 accounts outside of MMB's regular statutory operations
- Receive over \$500 million in deposits, transfers, and cancellations to the general fund annually
- Act as fiscal agent for \$8 million in federal funds annually
- Collect almost \$98 million in miscellaneous fees, fines, penalties, and surcharges annually
- Provide \$69.7 million in direct aid to various local and state pension funds annually

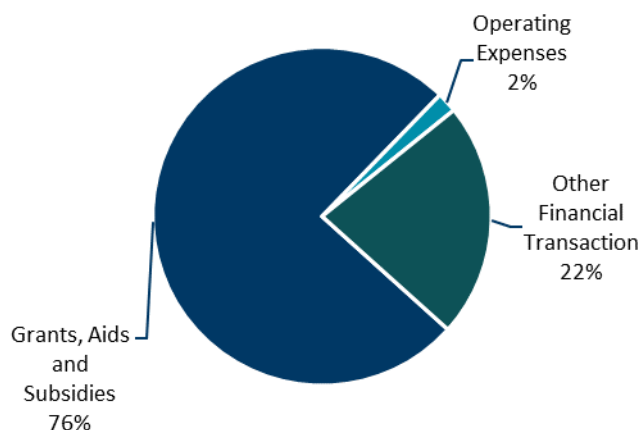
PURPOSE

Minnesota Management and Budget (MMB) provides statewide accounting, budgeting, and financial management functions. Statute requires MMB to manage a number of accounts and transactions that are outside of our day-to-day operations. This collective work is referred to as MMB's non-operating activities. These accounts and transactions cover a broad range of financial activities, including tort claims, contingency accounts, and pension direct aids as well as miscellaneous payments, deposits, and transfers. We are also responsible for receiving and depositing the state's share of various fees, fines, assessments, and surcharges collected by counties and judicial districts. Additionally, we act as a pass-through entity for federal payments in lieu of taxes, which we then remit to local units of government where national forests are located.

MMB is driven by our mission as stewards of the state's financial and human resources, delivering effective services for the people of Minnesota. Oversight of these non-operating activities is an important aspect of stewardship of state resources.

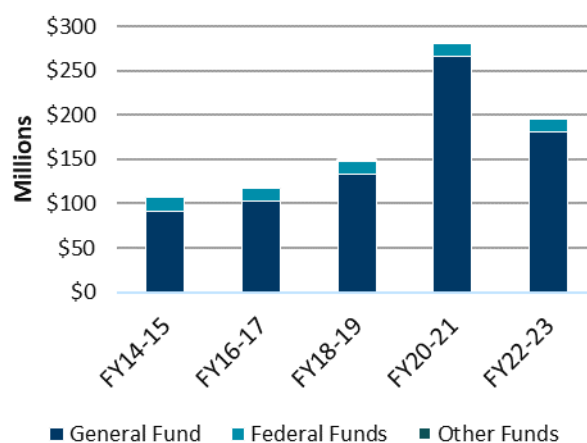
BUDGET

**Spending by Category
FY 2023 Actual**



Source: Budget Planning & Analysis System (BPAS)

Historical Spending



Source: Consolidated Fund Statement

The charts above show the amounts and categories of MMB non-operating expenditures. They do not include debt service payments administered by the agency. Expenditures are just one facet of MMB's non-operating activities. The increase in spending for the FY20-21 biennium is primarily related to County Relief Grants to Local

Businesses per 2020 special session 7 Chapter 2, Article 5. Our agency also processes a variety of deposits and transfers. MMB's non-operating activities are described in more detail below.

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in Minnesota Statutes, Section 3.736, Subdivision 7, a state agency may seek approval from MMB to use money in the MMB non-operating account for tort claims if MMB determines that there is not enough money in the agency's appropriations to cover the tort claim payment.

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the Governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review for use of these funds during interim periods when the Legislature is not in session. With the approval of the Governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget.

Administrative Accounts: The state administers various trusts and funds on behalf of Minnesotans, including the Children's Trust, the Environmental Trust, and the Permanent School Fund. MMB manages the accounts used to support the administration of these trusts and funds.

Cash Flow Accounts: On an ongoing or one-time basis, some agencies or programs receive specific legislative authority to use general fund money to cash flow programs or activities during a biennium. These accounts are housed within the MMB non-operating accounts. In recent years, MMB has managed the following cash flow accounts:

- Lease-Purchase Cash Flow Account
- Education Aids Cash Flow Account
- Office of Higher Education Cash Flow Account
- MNsure Cash Flow Account
- MN.IT Cash Flow Account

Federal Payments in Lieu of Taxes: MMB receives pass-through federal payments in lieu of taxes for national forest lands, like the Chippewa National Forest and Superior National Forest. We receive these payments from the federal government and distribute them to the local government units that are home to these forest lands.

Miscellaneous Fees, Fines, Assessments, Surcharges, and Deposits: The state charges fees and surcharges for various activities, including obtaining marriage licenses or adopting a child. It also assesses fines and penalties for violations of the law. These receipts are often dedicated to more than one activity across multiple agencies; therefore, MMB is tasked with acting as an intermediary between the collecting entity and the receiving entities. In other instances, we are required to collect certain deposits that contribute to the available balance in the general fund or other funds.

Pension Direct Aids: The state provides direct aid to the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) to help offset the additional liability those systems assumed when they merged with the Duluth Teachers Retirement Fund (TRA), the Minneapolis Teachers Retirement Fund (TRA), and the Minneapolis Employees Retirement Fund (PERA). The state also provides direct aid to the PERA Police and Fire Fund as well as to the St. Paul Teachers' Retirement Fund to help offset unfunded liabilities. These aids are appropriated to MMB for payment to the applicable pension funds.

STRATEGIES

MMB's non-operating activities contribute to the priorities of Fiscal Accountability and Measurable Results. To support these priorities, a key MMB goal is to direct and model responsible, transparent fiscal management. We

work to ensure state resources are used effectively; ensure public trust by responsibly managing state finances and maintaining or improving the state's credit ratings; and communicate the state's fiscal priorities along with financial information in an accessible way. These principles extend to both MMB's operating and non-operating functions. We strive to complete our prescribed non-operating duties according to law and accounting principles. We also report non-operating activities in the Biennial Budget, Enacted Budget, Budget and Economic Forecasts, and financial statements.

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. However, MMB's non-operating activities are authorized throughout various sections of Minnesota Statutes as well as Minnesota Session Law.

MMB Non-operating

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	81,298	99,193	210,163	89,580	86,650	87,145
1201 - Health Related Boards				800	400	400
2001 - Other Misc Special Revenue	226	447	2,020	2,661	2,405	2,405
2830 - Workers Compensation				200	100	100
3000 - Federal	7,982	7,985	8,047	8,041	8,037	8,037
3015 - ARP-State Fiscal Recovery				557		
3700 - Debt Service			390	200	200	200
5000 - Master Lease	21,039	19,437	22,155	28,041	33,459	33,459
Total	110,544	127,062	242,776	130,080	131,251	131,746
Biennial Change				135,249		(109,859)
Biennial % Change				57		(29)

Expenditures by Program

Contingent				4,000	2,000	2,000
Teachers Aid	60,658	60,658	76,405	62,196	60,658	60,658
Tort Claims	145	12		322	161	161
Federal Funds	7,982	7,985	8,047	8,598	8,037	8,037
Administrative	20,495	38,524	133,758	24,817	24,830	25,325
Debt Management	21,265	19,884	24,565	30,147	35,565	35,565
Total	110,544	127,062	242,776	130,080	131,251	131,746

Expenditures by Category

Operating Expenses	524	2,466	112,938	7,420	4,752	4,846
Grants, Aids and Subsidies	80,340	96,043	96,152	82,693	80,895	80,895
Other Financial Transaction	29,680	28,553	33,685	39,967	45,604	46,005
Total	110,544	127,062	242,776	130,080	131,251	131,746

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27
1000 - General						
Balance Forward In		516		1,661		
Direct Appropriation	229,547	575,812	3,059,415	386,997	74,930	74,930
Open Appropriation	8,686	10,310	27,204	12,361	12,630	13,125
Transfers In	34,701	16,288	10,971	22,387	296,536	12,531
Transfers Out	162,120	491,257	2,864,524	317,443	7,215	7,533
Cancellations	28,999	12,476	21,242	16,383	290,231	5,908
Balance Forward Out	516		1,661			
Expenditures	81,298	99,193	210,163	89,580	86,650	87,145
Biennial Change in Expenditures				119,252		(125,948)
Biennial % Change in Expenditures				66		(42)

1200 - State Government Special Rev

Transfers In	0			
Cancellations	0			

1201 - Health Related Boards

Balance Forward In		400		400		
Direct Appropriation	400	400	400	400	400	400
Transfers In	1	163				
Cancellations	1	963				
Balance Forward Out	400		400			
Expenditures				800	400	400
Biennial Change in Expenditures				800		0
Biennial % Change in Expenditures						

1250 - Health Care Response

Direct Appropriation	3,814	4,091		
Transfers Out	3,814	4,091		

1251 - COVID-19 Minnesota

Direct Appropriation	21,900	2,108	0	
Transfers Out	21,900	2,108	0	

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27

2000 - Restrict Misc Special Revenue

Balance Forward In	6,848			6,961	7,363	7,765
Receipts	(4,012)	2,874	3,192	3,582	3,412	3,412
Transfers In			6,961			
Transfers Out	2,836	2,874	3,192	3,180	3,010	3,010
Balance Forward Out	0		6,961	7,363	7,765	8,167

2001 - Other Misc Special Revenue

Balance Forward In	4,249	7,969	11,894	24,588	26,877	29,422
Receipts	20	286	574	1,000	1,000	1,000
Transfers In	4,265	4,426	14,481	4,890	4,890	4,890
Transfers Out	340	340	340	940	940	940
Balance Forward Out	7,969	11,894	24,588	26,877	29,422	31,967
Expenditures	226	447	2,020	2,661	2,405	2,405
Biennial Change in Expenditures				4,009		129
Biennial % Change in Expenditures				596		3

2005 - Opiate Epidemic Response

Transfers In	1,000			
Cancellations	1,000			

2100 - Water Recreation

Transfers In	0		
Cancellations	0		

2360 - Health Care Access

Direct Appropriation	122,000	122,000	70,215	100	100	100
Transfers In	85,049	392				
Transfers Out	122,000	122,000	70,215	100	100	100
Cancellations	85,049	392				

2390 - Workforce Development

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Transfers In		281				
Cancellations		281				

2700 - Trunk Highway

Transfers In	4,358	3,601	3,555	4,045	4,249	4,461
Cancellations	4,358	3,601	3,555	4,045	4,249	4,461

2830 - Workers Compensation

Balance Forward In		100		100		
Direct Appropriation	100	100	100	100	100	100
Transfers In	14					
Cancellations	14	200				
Balance Forward Out	100		100			
Expenditures				200	100	100
Biennial Change in Expenditures				200		0
Biennial % Change in Expenditures						

3000 - Federal

Balance Forward In	68	74	4	4		
Receipts	7,988	7,915	8,047	8,037	8,037	8,037
Transfers In			0			
Transfers Out			0			
Balance Forward Out	74	4	4			
Expenditures	7,982	7,985	8,047	8,041	8,037	8,037
Biennial Change in Expenditures				121		(14)
Biennial % Change in Expenditures				1		(0)

3015 - ARP-State Fiscal Recovery

Direct Appropriation				557	0	0
Expenditures				557		
Biennial Change in Expenditures				557		(557)
Biennial % Change in Expenditures						

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
3700 - Debt Service						
Balance Forward In	190	190	306	309	309	309
Receipts		115	393	200	200	200
Balance Forward Out	190	306	309	309	309	309
Expenditures			390	200	200	200
Biennial Change in Expenditures				590		(190)
Biennial % Change in Expenditures						(32)

3800 - Permanent School

Balance Forward In	8,780	9,615	11,510	13,738	14,710	14,831
Receipts	36,162	42,772	53,172	58,929	59,291	59,653
Transfers Out	35,327	40,878	50,944	57,957	59,170	59,532
Balance Forward Out	9,615	11,510	13,738	14,710	14,831	14,952

4901 - 911 Revenue Bond Debt Service

Balance Forward In	1,069	1,069	1,069	1,069	1,069	1,069
Balance Forward Out	1,069	1,069	1,069	1,069	1,069	1,069

4925 - Family and Medical Benefit Ins

Transfers In			668,321			
Cancellations			668,321			

5000 - Master Lease

Balance Forward In	0	0	0			
Transfers In	21,039	19,437	22,155	28,041	33,459	33,459
Transfers Out	0					
Balance Forward Out	0	0	0			
Expenditures	21,039	19,437	22,155	28,041	33,459	33,459
Biennial Change in Expenditures				9,720		16,722
Biennial % Change in Expenditures				24		33

6000 - Miscellaneous Agency

Balance Forward In	18,463	17,463	22,761	13,843	18,463	23,083
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MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Receipts	(962)	6,082	3,865	5,020	5,020	5,020
Transfers In	25	113	62			
Transfers Out	618	898	12,844	400	400	400
Balance Forward Out	16,907	22,761	13,843	18,463	23,083	27,703

8000 - Housing Finance Agency

Balance Forward In	315	17				
Receipts	538	636	707			
Transfers Out	835	653	707			
Balance Forward Out	17					

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	386,997	107,532	107,532	215,064
Base Adjustments				
All Other One-Time Appropriations		(31,458)	(31,458)	(62,916)
Current Law Base Change		(119)	(119)	(238)
Transfer Between Agencies		(1,025)	(1,025)	(2,050)
Forecast Base	386,997	74,930	74,930	149,860
Fund: 1201 - Health Related Boards				
FY2025 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Fund: 2360 - Health Care Access				
FY2025 Appropriations	100	100	100	200
Forecast Base	100	100	100	200
Fund: 2830 - Workers Compensation				
FY2025 Appropriations	100	100	100	200
Forecast Base	100	100	100	200
Fund: 3015 - ARP-State Fiscal Recovery				
FY2025 Appropriations	557	557	557	1,114
Base Adjustments				
All Other One-Time Appropriations		(557)	(557)	(1,114)
Forecast Base	557			
Open				
Fund: 1000 - General				
FY2025 Appropriations	11,593	11,593	11,593	23,186
Base Adjustments				
All Other One-Time Appropriations	527	777	1,186	1,963
Forecast Open Appropriation Adjustment		76	135	211
November Forecast Adjustment	241	184	211	395
Forecast Base	12,361	12,630	13,125	25,755
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	2,661	2,405	2,405	4,810

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Forecast Base	2,661	2,405	2,405	4,810
Fund: 3000 - Federal				
Planned Spending	8,041	8,037	8,037	16,074
Forecast Base	8,041	8,037	8,037	16,074
Fund: 3700 - Debt Service				
Planned Spending	200	200	200	400
Forecast Base	200	200	200	400
Fund: 5000 - Master Lease				
Planned Spending	28,041	33,459	33,459	66,918
Forecast Base	28,041	33,459	33,459	66,918
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	3,582	3,412	3,412	6,824
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	1,000	1,000	1,000	2,000
Fund: 3000 - Federal				
Forecast Revenues	8,037	8,037	8,037	16,074
Fund: 3700 - Debt Service				
Forecast Revenues	200	200	200	400
Fund: 3800 - Permanent School				
Forecast Revenues	58,929	59,291	59,653	118,944
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	5,020	5,020	5,020	10,040
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	814,049	601,624	424,416	1,026,040

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Fund: 1200 - State Government Special Rev				
Forecast Revenues	2,603	2,603	2,603	5,206
Fund: 2005 - Opiate Epidemic Response				
Forecast Revenues	24,659	8,256	8,853	17,109
Fund: 2212 - Peace Officer Training Account				
Forecast Revenues	87	87	87	174
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	12,049	4,090	2,606	6,696
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	1,424	396	255	651
Fund: 2302 - Clean Water				
Forecast Revenues	6,274	2,018	1,288	3,306
Fund: 2303 - Parks and Trails				
Forecast Revenues	2,352	806	515	1,321
Fund: 2340 - Renewable Development				
Forecast Revenues	26,764	33,737	34,102	67,839
Fund: 2360 - Health Care Access				
Forecast Revenues	26,900	13,200	6,010	19,210