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Minnesota Management and Budget Non-Operating

Agency Profile 1

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

AT A GLANCE

- Maintain approximately 150 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 approximately \$8 million in federal funds annually
- Collect over \$100 million in miscellaneous fees, fines, penalties and surcharges annually
- Provide \$70 million in direct aid to various local and state pension funds annually

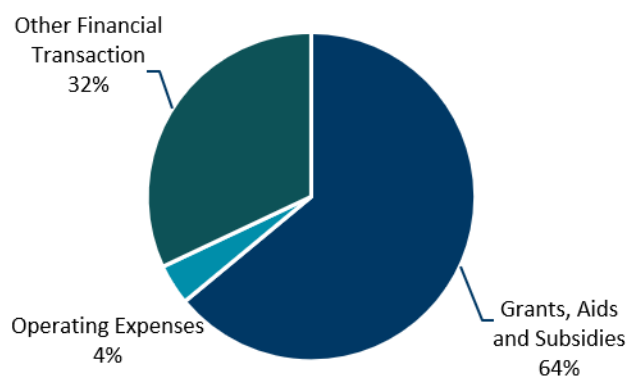
PURPOSE

Minnesota Management and Budget (MMB) provides statewide accounting, budgeting and financial management functions. Statute requires MMB to manage many accounts and transactions that are outside of 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. MMB is also responsible for receiving and depositing the state's share of various fees, fines, assessments and surcharges collected by counties and judicial districts. Additionally, MMB acts as a pass-through entity for federal payments in lieu of taxes, which are remitted to local units of government where national forests are located.

MMB is driven by its 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.

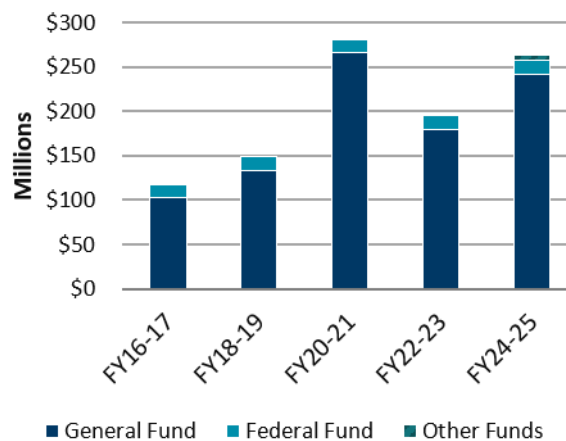
BUDGET

**Spending by Category
FY 2025 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. MMB processes a variety of deposits and transfers. The increase in spending for the FY 2020-21 biennium is primarily related to one-time for payments to counties for relief grants to local businesses. The increase in spending for the FY 2024-25 biennium is primarily related to a one-time transfer to the St. Paul Teachers Retirement Fund Association. 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 Minn. Stat. 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 approval from MMB, the Governor, and sometimes the review of the Legislative Advisory Commission (LAC) depending on the dollar amount of the request. With the appropriate approval and review, 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 Fund (Minn. Stat. 142A.412), the Environment and Natural Resources Trust Fund (Minn. Stat. 116P.04) Fund (Minn. Stat. 116P.), and the Permanent School Fund (Minn. Stat 11A.16). 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
- MNIT 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. These payments are received from the federal government and distributed 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 in law 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, there is a requirement 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 local retirement funds. The state also provides direct aid to the PERA Police and Fire Fund and St. Paul Teachers' Retirement Fund to help offset unfunded liabilities. These aids are appropriated to MMB for payment to the applicable pension funds.

STRATEGIES

A key MMB goal is to direct and model responsible, transparent fiscal management by ensuring state resources are used effectively, maintaining public trust through responsible management of state finances, preserving or improving the state's credit ratings, and communicating the state's fiscal priorities and financial information in an accessible way.

These principles apply to both MMB's operating and non-operating functions. MMB fulfills prescribed non-operating responsibilities in accordance with applicable laws and accounting principles. Non-operating activities are also reported through 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. Authority for MMB's non-operating activities is established throughout various sections of Minnesota, statutes and in Minnesota Session Law.