



March 2, 2018

Senator David H. Senjem
Chair
Senate Capital Investment Committee
3401 Minnesota Senate Bldg.
St. Paul, MN 55155

Senator Sandra L. Pappas
Ranking Minority Member
Senate Capital Investment Committee
2205 Minnesota Senate Bldg.
St. Paul, MN 55155

Senator Julie A Rosen
Chair
Senate Finance Committee
3235 Minnesota Senate Bldg.
St. Paul, MN 55155

Senator Richard Cohen
Ranking Minority Member
2301 Senate Finance Committee
Minnesota Senate Bldg.
St. Paul, MN 55155

Representative Dean Urdahl
Chair
House Capital Investment Committee
473 State Office Building
St. Paul, MN 55155

Representative Alice Hausman
DFL Lead
House Capital Investment Committee
255 State Office Building
St. Paul, MN 55155

Representative Jim Knoblach
Chair
House Ways and Means Committee
453 State Office Building
St. Paul, MN 55155

Representative Lyndon Carlson Sr.
DFL Lead
House Ways and Means Committee
283 State Office Building
St. Paul, MN 55155

Dear Members of the Minnesota Legislature:

As required by Minn. Stat. Sec. 16A.501(b), which was enacted in Laws 2010, ch. 189, sec. 28, I am pleased to present our report on the amount and percentage of each agency's capital appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds and agency compliance with policies of the Commissioner of Minnesota Management and Budget as to use of general obligation bond proceeds to pay staff costs.

March 2, 2018

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Please contact me if you have any questions about this report, or you may contact Jennifer Hassemer at MMB, whose contact information is given at the end of the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron Frans".

Myron Frans
Commissioner

Enclosures

cc: Jen Hassemer, MMB
Trudy Halla, MMB
Shawn Kremer, MMB
Melissa Lam Young, MMB
Sean Fahnhorst, MMB
Laura Logsdon, MMB
Legislative Reference Library



**Agencies' Use of Capital Appropriations
for Staff Costs Attributable to
Capital Programs or Projects**

Report to the Legislature

March 2, 2018

*As required by
Minn. Stat., Sec. 16A.501(b)*

ESTIMATED COSTS OF PREPARING THIS REPORT

The cost information reported below is the estimated cost of preparing this report document. Special funding was not appropriated for the costs of preparing this report.

In accordance with Minn. Stat., Sec. 3.197, the estimated cost incurred by Minnesota Management & Budget in preparing this report is less than \$2,000.

BACKGROUND

In 2009, MMB formalized a policy regarding agencies' use of general obligation ("G.O.") bond appropriations to pay for staff costs incurred in delivering a capital project or program. It did so after discovering that some agencies were charging staff costs without specific legislative authorization to do so and were doing so in an inconsistent manner. Some agencies were charging staff costs based on a flat percentage of project costs and others were tracking actual employee hours spent.

On October 20, 2009, MMB issued its "Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs", a copy of which is attached as **Exhibit B** to this report. This policy became effective for bonding appropriations authorized in the 2010 legislative session and for earlier bonding appropriations that contained specific statutory authority to use G.O. bond proceeds to pay costs of staff directly involved in delivering a capital project or program.

MMB's goal in implementing the new policy was to establish uniform procedures for agencies to charge staff costs to bonding appropriations and to establish MMB oversight of the process. The policy requires each agency desiring to charge staff costs to bonding appropriations to submit a plan to MMB for its approval. The plan must indicate how the agency intends to track staff costs charged to each bonding appropriation, which tracking must be by employee, by project or program and by hour spent. Each agency must report staff costs charged to bonding appropriations to its Executive Budget Officer and to the Capital Bonding Coordinator on a quarterly basis and certify that such time is properly capitalizable as a cost of the project or program in accordance with applicable accounting principles.

The following bonding bills all specifically authorized agencies to use capital appropriations to pay staff costs directly attributable to the capital program or project in accordance with accounting policies adopted by the Commissioner of MMB:

- Laws 2010, Chapter 189;
- Laws 2011, First Special Session, Chapter 12;
- Laws 2012, Chapter 293;
- Laws 2012, First Special Session, Chapter 1;
- Laws 2013, Chapter 136;
- Laws 2014, Chapter 294;
- Laws 2015, First Special Session, Chapter 5; and
- Laws 2017, First Special Session, Chapter 8.

The 2010 bonding bill (Laws 2010, ch. 189) imposed a reporting requirement for MMB as discussed below.

THE REPORTING REQUIREMENT

Section 28 of the 2010 bonding bill (codified as Minn. Stat., Sec. 16A.501(b)) requires MMB to report to the Legislature by January 15 of each year as to the amount and percentage of

Report to the Legislature – Agencies' Use of Capital Appropriations for Staff Costs

Minnesota Management & Budget

March 2, 2018

each agency's capital appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds. The report must also address agency compliance with policies of the Commissioner of MMB as to use of general obligation bond proceeds to pay staff costs and any changes to the Commissioner's policies.

AGENCY REPORTING AND COMPLIANCE

The following 13 agencies have submitted plans to MMB since 2010 to charge staff costs to one or more bonding appropriations and such plans were approved by MMB: Administration, Board of Water and Soil Resources, Department of Natural Resources, Minnesota Historical Society, Metropolitan Council, Pollution Control Agency, Department of Transportation, University of Minnesota, Minnesota State Colleges and Universities, the Minnesota Zoo, Department of Human Services, Department of Education and the Department of Employment and Economic Development.

For the current reporting period, the following seven agencies have submitted one or more quarterly reports of staff costs charged to bonding appropriations in compliance with MMB's policy: Administration, Department of Natural Resources, Minnesota Historical Society, Department of Transportation, University of Minnesota, Minnesota State Colleges and Universities, and the Minnesota Zoo. The data that appears on the spreadsheet attached as **Exhibit A** to this report includes amounts spent on staff costs for the current reporting period.

Several agencies that have received capital appropriations since 2010 have indicated that they do not intend to charge staff costs to bonding appropriations, including: Military Affairs, Amateur Sports and Public Facilities Authority. Further, the Department of Administration administers the capital appropriations for construction projects for state-owned assets for several other agencies and thus those agencies do not charge any of their internal staff costs to bonding appropriations, including: Department of Corrections, Department of Public Safety, Minnesota State Academies, Perpich Center for Arts Education, and Veterans Affairs.

Prior to 2017, the Board of Water and Soil Resources had been charging staff costs to bonding appropriations but failed to submit the required quarterly reports, and failed to submit proposed plans for tracking and reporting time to MMB for its approval. Since 2017, BWSR has submitted all required quarterly reports and the attached Exhibit A reflects current data.

Minn. Stat., Sec. 16A.501(b) requires MMB to discuss any changes to its policies regarding the charging of staff costs to bonding appropriations. MMB has not changed the policy adopted on October 20, 2009 and discussed above. However, MMB did attach an addendum to the policy in 2014 that provides some additional clarification to agencies on what is a capitalizable staff cost.

Agency Contact:

Jennifer Hassemer
Assistant Commissioner – Debt Management
Minnesota Management & Budget
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400 Centennial Office Building
St. Paul, MN 55155
(651) 201-8079
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ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b))												
AMOUNT OF CAPITAL APPROPRIATIONS USED TO PAY AGENCY STAFF COSTS												
Amount Spent for Staff Costs in:												
Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	2Q FY17 (ended 12/31/16)	3Q FY17 (ended 3/31/17)	4Q FY17 (ended 6/30/17)	1Q FY18 (ended 9/30/17)	Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
Administration												
	12 293 00 013 003(a)	2012	ADMIN - CAPITOL EXT/WINDOWS/MEC	24,000,000	49,984.51	0.08	Proj. complete	N/A	N/A	0.08	49,984.59	0%
	12 293 00 018 002	2012	DHS - ASSET PRESERVATION	2,000,000	7,574.70	3,531.94	1,783.16	-	Proj. complete	5,315.10	12,889.80	1%
	12 293 00 018 004	2012	DHS - ST PETER SEC HOSP PH 1	3,683,000	54,375.06	-	-	Proj. complete	N/A	-	54,375.06	1%
	12 293 00 019 002	2012	VA - ASSET PRESERVATION	3,000,000	47,580.36	-	-	-	Proj. complete	-	47,580.36	2%
	12 293 00 019 004	2012	VA - MPLS VETS HOME PHARMA	1,366,000	14,893.00	515.48	137.69	-	Proj. complete	653.17	15,546.17	1%
	12 293 00 020 004	2012	DOC - ASSET PRESERVATION	5,000,000	42,771.78	-	-	-	Proj. complete	-	42,771.78	1%
	13 136 00 003 002	2013	ADMIN - CAPITOL RESTORATION	99,000,000	5,441.16	1,651.46	-	-	-	1,651.46	7,092.62	0%
	13 136 00 003 005	2013	ADMIN - PARKING FACILITIES	22,680,000	-	-	Proj. complete	N/A	N/A	-	-	0%
	13 136 00 004 000	2013	VA - MPLS BLDG 17 SOUTH	18,935,000	35,633.81	4,783.25	8,751.64	8,510.34	2,982.03	25,027.26	60,661.07	0%
	14 294 01 005 002	2014	MSA - ASSET PRESERVATION	700,000	7,004.19	58.29	784.65	182.41	1,116.18	2,141.53	9,145.72	1%
	14 294 01 005 003	2014	MSA - NEW DORM	10,654,000	54,760.40	-	-	-	-	-	54,760.40	1%
	14 294 01 006 000	2014	PERPICH CTR - ASSET PRESERV	2,000,000	17,479.89	837.70	1,264.24	842.83	1,264.22	4,208.99	21,688.88	1%
	14 294 01 012 002	2014	ADMIN - CAPITOL RESTORATION	126,300,000	-	-	-	-	-	-	-	0%
	14 294 01 012 004	2014	ADMIN - WORKERS MEMORIAL	250,000	5,183.98	-	Proj. complete	N/A	N/A	-	5,183.98	2%
	14 294 01 018 002	2014	DHS - ST PETER SEC HOSP CONSTR	56,317,000	15,136.66	8,008.55	7,529.59	4,787.42	7,207.17	27,532.73	42,669.39	0%
	14 294 01 018 003	2014	DHS - MSOP ST PETER PH 1	7,405,000	38,309.24	1,619.17	725.42	-	484.72	2,829.31	41,138.55	1%
	14 294 01 018 005	2014	DHS - ASSET PRESERVATION	3,000,000	-	-	-	275.40	1,603.09	1,878.49	1,878.49	0%
	14 294 01 019 002	2014	VA - ASSET PRESERVATION	2,000,000	12,424.30	-	-	-	2,101.56	2,101.56	14,525.86	1%
	14 294 01 019 003	2014	VA - MPLS DEEP TUNNEL	700,000	8,823.96	1,162.80	68.83	-	Proj. complete	1,231.63	10,055.59	1%
	14 294 01 020 002	2014	DOC - ASSET PRESERVATION	5,500,000	52,060.77	8,259.87	11,935.34	9,536.60	8,926.80	38,658.61	90,719.38	2%
	14 294 01 020 003	2014	DOC - SHAKOPEE SECURITY FENCE	5,381,000	15,702.81	-	Proj. complete	N/A	N/A	-	15,702.81	0%
	151 005 01 007 000	2015	AG - EAST GRAND FORKS POTATO	50,000	1,856.71	-	Proj. complete	N/A	N/A	-	1,856.71	4%
	151 005 01 012 000	2015	VA - MINNEHAHA CREEK BRIDGE	650,000	4,877.39	1,464.66	304.92	Proj. complete	N/A	1,769.58	6,646.97	1%
	171 008 01 011 002	2017	CENTENNIAL PKG RAMP	10,878,000	-	-	-	-	2,282.54	2,282.54	2,282.54	0%
	171 008 01 011 003	2017	CAPITOL ASSET PRES & REPLACE	5,000,000	-	-	-	-	657.44	657.44	657.44	0%
	171 008 01 011 005	2017	CAPITOL COMPLEX MON/MEMORS	350,000	-	-	-	-	-	-	-	0%
	171 008 01 005 002	2017	MSA - ASSET PRESERVATION	2,000,000	-	-	-	-	-	-	-	0%
	171 008 01005 003	2017	MSA SECURITY CORRIDOR	50,000	-	-	-	-	-	-	-	0%
	171 008 01 012	2017	MN.IT-STATE DATA CENTER REPURP	1,432,000	-	-	-	-	-	-	-	0%
	171 008 01 017 002	2017	DHS-ST PETER SEC HOSP PHASE 2	70,255,000	-	-	-	-	2,880.90	2,880.90	2,880.90	0%
	171 008 01 017 003	2017	DHS-CHILD/AD BEHAVE HLTH SERV	7,530,000	-	-	-	-	3,113.56	3,113.56	3,113.56	0%
	171 008 01 017 004	2017	DHS-ANOKA METRO REGNL TR CTR	2,250,000	-	-	-	-	551.05	551.05	551.05	0%
	171 008 01 018 002	2017	VA-ASSET PRESERVATION	5,000,000	-	-	-	-	3,000.17	3,000.17	3,000.17	0%
	171008 01 018 003	2017	VA-MPLS VET HOME TRUSS BRDGE	7,851,000	-	-	-	-	823.03	823.03	823.03	0%
	171 008 01 019 002	2017	DOC-ASSET PRESERVATION	20,000,000	-	-	-	-	10,757.05	10,757.05	10,757.05	0%
	171 008 01 019 003	2017	DOC-MN CORR FACIL ST CLOUD	19,000,000	-	-	-	-	-	-	-	0%
MN Historical Society												
	111 012 00 020 000	2012	HISTORIC SITES ASSET PRESERV	1,900,000	63,581.00	300.60	-	-	-	300.60	63,881.60	3%
	12 293 00 024 001	2012	HISTORIC SITES ASSET PRESERV	2,500,000	60,486.02	-	-	-	-	-	60,486.02	2%
	14 294 01 024 002	2014	OLIVER KELLEY FARM HIST SITE	10,562,000	144,313.24	-	-	-	-	-	144,313.24	1%
	14 294 01 024 003	2014	HISTORIC SITES ASSET PRESERV	1,440,000	25,747.86	5,733.62	4,066.20	-	-	9,799.82	35,547.68	2%
	151 005 01 016 000	2015	HISTORIC FORT SNELLING PREDESIGN	500,000	28,382.19	28,382.19	-	-	-	28,382.19	56,764.38	11%

Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY17 (ended 12/31/16)	3Q FY17 (ended 3/31/17)	4Q FY17 (ended 6/30/17)	1Q FY18 (ended 9/30/17)			
Transportation												
(1)	08 152 02 003 002	2008	CH152 STATE ROAD CONSTRUCTION	1,717,694,000	7,284,279.80	630,905.77	461,813.99	18,915.21	395,471.58	1,507,106.55	8,791,386.35	1%
	13 117 02 002 000	2013	CORRIDORS OF COMMERCE	300,000,000	91,683.76	-	168.13	228.65	-	396.78	92,080.54	0%
(2)	151 005 01 010 008	2015	TRUNK HIGHWAY PROJECTS	140,000,000	1,019,357.90	143,378.07	121,308.64	144,831.11	158,016.34	567,534.16	1,586,892.06	1%
Natural Resources												
	111 012 00 005 002	2012	NAT RESOURCES ASSET PRESERV	17,000,000	-	Proj. complete	N/A	N/A	N/A	-	-	0%
	111 012 00 005 003	2012	FLOOD HAZARD MITIG GRANTS	50,000,000	35,917.31	Proj. complete	N/A	N/A	N/A	-	35,917.31	0%
	111 012 00 005 004	2012	ROADS AND BRIDGES	4,800,000	96,639.22	Proj. complete	N/A	N/A	N/A	-	96,639.22	2%
	111 012 00 005 005	2012	LAKE VERMILION STATE PARK DEV	8,000,000	364,133.56	-	Proj. complete	N/A	N/A	-	364,133.56	5%
	111 012 00 005 006	2012	GROUNDWATER OBSERV WELLS	600,000	23,934.44	Proj. complete	N/A	N/A	N/A	-	23,934.44	4%
	111 012 00 005 007	2012	COON RAPIDS DAM RENOV	16,000,000	47,741.06	435.80	Proj. complete	-	-	435.80	48,176.86	0%
(3)	12 293 00 007 002	2012	FLOOD HAZARD MITIG GRANTS	30,000,000	304,756.24	18,141.35	1,066.94	N/A	N/A	19,208.29	323,964.53	1%
(3)	12 293 00 007 003	2012	DAM REPAIR, RECONSTR AND REMOVA	3,000,000	24,343.88	1,494.24	-	-	-	1,494.24	25,838.12	1%
	12 293 00 007 004	2012	ROADS AND BRIDGES	2,000,000	46,836.33	Proj. complete	N/A	N/A	N/A	-	46,836.33	2%
	12 293 00 007 006	2012	STATE P&T RENEW & DEVEL	4,000,000	163,367.04	Proj. complete	N/A	N/A	N/A	-	163,367.04	4%
	12 293 00 007 007	2012	LAKE VERMILION STATE PARK DEV	2,000,000	8,536.27	Proj. complete	N/A	N/A	N/A	-	8,536.27	0%
	121 001 01 009 002	2012	KNIFE RIVER FISH TRAP	6,855,000	22,382.87	Proj. complete	N/A	N/A	N/A	-	22,382.87	0%
(3)	121 001 01 009 003	2012	FLOOD HAZARD MITIG GRANTS	9,000,000	124,301.26	2,166.11	133.34	Proj. complete	N/A	2,299.45	126,600.71	1%
(3)	121 001 02 004 002	2012	REFORESTATION	994,000	99,291.19	108.38	Proj. complete	N/A	N/A	108.38	99,399.57	10%
	14 294 01 007 002	2014	ASSET PRESERVATION	10,000,000	-	-	-	-	-	-	-	0%
(3)	14 294 01 007 006	2014	VERMILION STATE PARK	14,000,000	249,599.90	22,133.09	19,873.46	23,929.56	23,804.68	89,740.79	339,340.69	2%
	14 294 01 007 009	2014	FOREST LAND FOR THE FUTURE	2,963,000	296,262.63	-	-	-	-	-	296,262.63	10%
(3)	14 294 01 007 010	2014	SHOOTING STAR TRAIL	2,165,000	11,642.35	1,130.68	1,080.77	1,562.71	1,332.71	5,106.87	16,749.22	1%
(3)	14 294 01 007 010	2014	MINNESOTA VALLEY TRAIL	2,165,000	30,560.25	6,029.32	6,093.10	9,025.42	7,673.72	28,821.56	59,381.81	3%
(3)	14 294 01 007 010	2014	MINNESOTA RIVER TRAIL	346,400	15,294.99	1,130.68	1,080.77	1,562.71	1,332.71	5,106.87	20,401.86	6%
(3)	14 294 01 007 010	2014	MILLTOWN TRAIL	476,300	8,972.62	525.92	571.04	672.44	650.22	2,419.62	11,392.24	2%
(3)	14 294 01 007 010	2014	LUCE LINE TRAIL	1,732,200	11,665.90	1,130.68	1,080.77	1,562.71	1,332.71	5,106.87	16,772.77	1%
(3)	14 294 01 007 010	2014	HEARTLAND TRAIL	2,684,600	11,666.07	1,130.68	1,080.78	1,562.71	1,332.71	5,106.88	16,772.95	1%
(3)	14 294 01 007 010	2014	GOODHUE PIONEER TRAIL	259,800	4,746.18	350.75	381.62	451.49	433.63	1,617.49	6,363.67	2%
(3)	14 294 01 007 010	2014	GLACIAL LAKES TRAIL	1,299,000	25,432.52	2,119.01	2,484.96	2,683.85	2,416.71	9,704.53	35,137.05	3%
(3)	14 294 01 007 010	2014	GITCHI-GAMI TRAIL	1,472,200	11,665.75	1,130.68	1,080.77	1,562.71	1,332.71	5,106.87	16,772.62	1%
(3)	14 294 01 007 010	2014	CUYUNA LAKES TRAIL	2,381,500	13,616.28	2,385.49	2,495.08	2,549.96	2,762.91	10,193.44	23,809.72	1%
(3)	14 294 01 007 010	2014	BLAZING STAR TRAIL	433,000	11,666.97	1,130.68	1,080.77	1,562.71	1,332.71	5,106.87	16,773.84	4%
(3)	14 294 01 007 010	2014	GATEWAY TRAIL	519,600	7,890.52	2,511.90	2,620.95	3,933.23	3,338.69	12,404.77	20,295.29	4%
MN State Colleges and Universities												
	111 012 00 003 009	2012	ST CLOUD STATE SCI & ENG LAB	42,334,000	15,723.07	Proj. complete	N/A	N/A	N/A	-	15,723.07	0%
	12 293 00 003 002	2012	MNSCU HEAPR (ASSET PRESERV)	20,000,000	59,476.57	Proj. complete	N/A	N/A	N/A	-	59,476.57	0%
	12 293 00 003 004	2012	BSU BSNS BDG ADD/RNV D&D	3,303,000	19,976.44	Proj. complete	N/A	N/A	N/A	-	19,976.44	1%
	12 293 00 003 011	2012	RDGWTR W TECH LAB C&RVN	13,851,000	22,484.26	Proj. complete	N/A	N/A	N/A	-	22,484.26	0%
	12 293 00 003 017	2012	SO CTRL FARIBLT CLSRM RNV&ADD	13,315,000	15,788.99	Proj. complete	N/A	N/A	N/A	-	15,788.99	0%
	14 294 01 003 002	2014	MNSCU HEAPR (ASSET PRESERV)	42,500,000	142,338.69	11,462.18	5,332.10	2,332.27	5.00	19,131.55	161,470.24	0%
	14 294 01 003 003	2014	METRO STATE SCIENCE ED CENTER	35,865,000	9,148.60	29.49	18.22	-	-	47.71	9,196.31	0%
	14 294 01 003 004	2014	BSU MEMORIAL DECKER SANFORD	13,790,000	24,142.46	54.66	18.22	-	-	72.88	24,215.34	0%
	14 294 01 003 005	2014	LAKE SUPERIOR ALLIED HEALTH	5,266,000	1,774.81	144.95	106.44	-	-	251.39	2,026.20	0%
	14 294 01 003 006	2014	MCTC WRKFRCE PGM PHASE 2	3,600,000	4,989.72	9.11	N/A	-	-	9.11	4,998.83	0%
	14 294 01 003 009	2014	CNTL LAKES STPLS RENOVATION	4,234,000	17,018.36	56.74	9.11	-	-	65.85	17,084.21	0%

Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY17 (ended 12/31/16)	3Q FY17 (ended 3/31/17)	4Q FY17 (ended 6/30/17)	1Q FY18 (ended 9/30/17)			
	14 294 01 003 010	2014	MSU MKTO CLINICAL SCI CONSTR	25,818,000	70,653.70	32,131.36	6,311.84	860.71	2,194.22	41,498.13	112,151.83	0%
	14 294 01 003 011	2014	MSCTC TRANSP CTR ADD & RNV	6,544,000	13,243.86	47.63	N/A	-	-	47.63	13,291.49	0%
	14 294 01 003 012	2014	RCTC COLLEGE PLAZA MEM HALL	1,000,000	13,949.79	262.23	18.22	18.22	58.81	357.48	14,307.27	1%
	14 294 01 003 013	2014	CC DGLT LAB, KTCHN, SOLAR TECH	2,020,000	10,661.57	249.94	N/A	-	-	249.94	10,911.51	1%
	14 294 01 003 014	2014	NTHLND AVIATION MTNCE FAC ADD	5,864,000	17,266.26	265.73	18.22	18.22	-	302.17	17,568.43	0%
(3)	14 294 01 003 015	2014	NHED INITIATIVES	3,344,000	8,949.04	96.63	277.14	36.44	85.50	495.71	9,444.75	0%
(3)	14 294 01 003 016	2014	WINONA STATE EDU VLG PHSE 1	5,902,000	28,050.78	2,913.99	3,635.04	2,907.61	1,317.80	10,774.44	38,825.22	1%
	14 294 01 003 017	2014	SCSU STDT HEALTH & ACAD RNV	865,000	11,217.80	84.78	77.03	442.97	117.62	722.40	11,940.20	1%
(3)	151 005 01 003 002	2015	ANOKA TC MFG TECH & AUTO TECH	2,114,000	11,699.57	115.55	18.22	47.63	294.05	475.45	12,175.02	1%
	151 005 01 003 003	2015	DAKOTA TC TRANSP & EMERGING TECH	7,733,000	6,920.26	414.80	253.46	312.27	85.50	1,066.03	7,986.29	0%
(3)	151 005 01 003 004	2015	MNWEST CTC CLSRM POWER GEO	3,267,000	23,301.21	1,402.19	-	-	-	1,402.19	24,703.40	1%
	151 005 01 003 005	2015	ST PAUL HLTH & SCI ALLIANCE CTR	18,829,000	9,841.27	1,111.01	532.81	374.08	529.06	2,546.96	12,388.23	0%
	171 008 01 003 002	2017	MNSCU HEAPR (ASSET PRESERV)	25,000,000	-	-	-	-	15,622.41	15,622.41	15,622.41	0%
	171 008 01 003 003	2017	NHED HIBBING CC	11,223,000	-	-	-	-	129.61	129.61	129.61	0%
	171 008 01 003 004	2017	MSCTC	820,000	-	-	-	-	529.29	529.29	529.29	0%
	171 008 01 003 005	2017	NRTHLD CC LAB RENOV	860,000	-	-	-	-	896.85	896.85	896.85	0%
	171 008 01 003 006	2017	SCC STEM & HLTH RENOV	9,600,000	-	-	-	-	5,650.64	5,650.64	5,650.64	0%
	171 008 01 003 007	2017	ST CLOUD STATE STDT HLTH&ACAD	18,572,000	-	-	-	-	157.66	157.66	157.66	0%
	171 008 01 003 008	2017	WINONA STATE EDU VLG RENOV	25,306,000	-	-	-	-	1,625.19	1,625.19	1,625.19	0%
University of Minnesota												
	111 012 00 002 002	2011	HEAPR (ASSET PRESERVATION)	25,000,000	261,268.25	Proj. complete	N/A	N/A	N/A	-	261,268.25	1%
	12 293 00 002 002	2012	HEAPR (ASSET PRESERVATION)	50,000,000	731,143.64	9,420.78	5,003.37	4,221.36	982.20	19,627.71	750,771.35	2%
(4)	14 294 01 002 002	2014	HEAPR (ASSET PRESERVATION)	43,016,667	327,096.25	20,006.51	24,401.11	23,596.09	23,026.06	91,029.77	418,126.02	1%
	151 005 01 002 002	2015	POULTRY TESTING LAB	7,779,000	110,043.23	22,341.18	7,526.92	3,673.34	1,526.15	35,067.59	145,110.82	2%
	151 005 01 002 002	2015	HEAPR (ASSET PRESERVATION)	750,000	-	-	-	204.05	374.47	578.52	578.52	0%
	171 294 00 002 002	2017	HEAPR (ASSET PRESERVATION)	20,600,000	-	-	-	-	23,262.24	23,262.24	23,262.24	0%
Board of Soil and Water Resources												
	111 012 00 007 002	2012	RIM 2012 SESSION BONDING	20,000,000	2,022,727.83	Proj. complete	N/A	N/A	N/A	-	2,022,727.83	10%
	111 012 00 007 004	2012	GRASS LAKES	1,614,000	90,433.51	Proj. complete	N/A	N/A	N/A	-	90,433.51	6%
	12 293 00 009 002	2012	RIM 2012 SESSION BONDING	6,000,000	136,705.07	52,413.60	-	-	-	52,413.60	189,118.67	3%
	12 293 00 009 003	2012	ROAD REPLACEMENT 2012 SESSION	6,000,000	759,445.56	-	-	-	-	-	759,445.56	13%
	121 001 01 010 002	2013	2012 SPEC SESS FLOOD RELIEF RM	1,500,000	4,963.56	Proj. complete	N/A	N/A	N/A	-	4,963.56	0%
	14 294 01 010 002	2014	RIM 2014 SESSION BONDING	6,000,000	219,809.50	1,234.13	3,262.81	8,033.17	30,803.33	43,333.44	263,142.94	4%
	14 294 01 010 003	2014	ROAD REPLACEMENT 2014 SESSION	2,000,000	430,338.60	105,871.41	93,418.42	32,076.45	-	231,366.28	661,704.88	33%
	151 005 02 003 002	2015	RIM CONSERVATION EASEMENTS	4,700,000	25,409.99	36,902.68	29,402.64	-	-	66,305.32	91,715.31	2%
Zoological Society												
	111 012 00 008 000	2011	ASSET PRESERVATION	4,000,000	60,635.00	-	-	-	-	-	60,635.00	2%
	12 293 00 012 000	2012	ASSET PRESERVATION	4,000,000	133,909.77	-	-	-	-	-	133,909.77	3%
	14 294 01 011 002	2014	ASSET PRESERVATION	7,000,000	62,655.84	-	-	-	-	-	62,655.84	1%
	14 294 01 011 003	2014	HEART OF THE ZOO	5,000,000	59,979.83	-	-	-	-	-	59,979.83	1%
(1) Staff Costs reported in connection with this appropriation were for the following projects: St. Croix Crossing, Winona Bridge, Dresbach Bridge, I-35W/Lake Street and Red Wing. Detailed reports are on file both at MMB and MnDOT.												
(2) Staff Costs reported in connection with this appropriation were for TH 53.												
(3) "Amount Previously Spent" differs from the amount last reported on the 2017 Staff Costs Report based on agency adjustments.												
(4) Original appropriation increased due to transfer from the Crookston Wellness Center project to HEAPR.												

Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs
Minnesota Management and Budget
October 20, 2009

Objective:

To account for the use of general obligation bond proceeds that agencies use to fund the capitalizable costs of staff directly involved in delivering a capital project. State agencies are strongly encouraged to charge the time of state employees working on capital projects to non-bond funding sources because of the undesirable practice of amortizing such salary costs over the 20 year life of state general obligation bonds.

Definitions:

Capitalizable costs of staff means the portion of the compensation of employees working directly on a capital project that is directly related to that capital project based on the compensation of each such employee (including employee benefits) and payroll taxes paid by the agency for such employee and the amount of time actually spent by such employee on the project that is properly capitalized as a cost of a project under generally accepted accounting principles and federal tax law. Agencies may use bond proceeds only for out-of-pocket capital costs and not for depreciation, amortization, overhead, general administration, or similar costs.

Capital project means the acquisition or betterment of public land and buildings and other public improvements, the costs of which are properly capitalized under generally accepted accounting principles.

Policy:

1. Agencies intending to use general obligation bond proceeds to fund the capitalizable costs of staff directly involved in delivering a capital project authorized in a bonding bill must notify Minnesota Management and Budget (MMB) of their intention prior to expending any bond appropriations for that purpose.
2. Staff time expended on capital projects are required to be tracked by each individual project in a form and manner acceptable to MMB. Agencies should submit a memorandum to their Executive Budget Officer (EBO) outlining their proposed process for tracking and reporting agency staff time directly expended on completing authorized capital projects for review and approval by MMB.

Criteria for Reporting Format:

Reporting of staff time spent on capital projects funded from general obligation bond proceeds must reflect the following criteria:

1. Time must be tracked by each project individually.
2. Each individual recording time must be identified.
3. Time must be tracked on a daily basis.

Policy Implementation:

Each agency must submit a report detailing the time expended on implementing capital projects to their respective EBO on a quarterly basis. Each agency must certify that such time is properly capitalizable as a

cost of the appropriate project in accordance with applicable accounting principles. EBOs shall review the reports and notify the Capital Projects Coordinator if any issues are noted. The Capital Projects Coordinator will work with the agency in question to resolve any issues that are identified. If the agency and the Capital Projects Coordinator are unable to resolve any issues, the Assistant Commissioner will make a final determination, in consultation with bond counsel as needed, as to the resolution of any issues.

Upon completion of each capital project undertaken, the agency will provide written notification to its EBO and no further reimbursement for any capitalizable costs may be made.

Effective Date of Policy:

This policy will be effective with bonding appropriations authorized in the 2010 legislative session. Agencies that already have explicit statutory authority for prior bond authorizations to use general obligation bond proceeds to fund the costs of staff directly involved in delivering a capital project must still submit a plan to track those costs to MMB for its review and approval prior to using any general obligation bond funds for such purposes.

Contacts:

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ADDENDUM
Capitalizable Staff Costs – Guiding Principles

In response to questions MMB has received regarding what is a capitalizable staff cost under generally accepted accounting principles, the following table provides some general direction. If a specific scenario is not covered in these examples, consult with your agency’s capital asset coordinator. Please refer to the formal policy for all rules that apply to the use of general obligation bond proceeds for costs of staff directly working on a capital project.

ALLOWABLE STAFF COSTS	Examples
Staff time spent actively delivering a capital project	<ul style="list-style-type: none"> • Performing construction activities • Working as a project manager • Overseeing compliance with construction contract or other project-specific requirements
NON-ALLOWABLE STAFF COSTS	Examples
Staff time spent on pre-planning activities (before funding decisions are made or before project is sited)	<ul style="list-style-type: none"> • Site selection activities • Preparing grant applications and requests for proposals • Reviewing requests for funding
Staff time spent developing and monitoring the grant agreement and other post-construction activities	<ul style="list-style-type: none"> • Drafting grant agreements • Processing grant payments • Post-completion audits or monitoring
DEPENDS ON FACTS	Examples
Discuss situations not addressed above with agency capital asset coordinators to determine if a particular cost is properly capitalizable under GAAP, or with MMB	<ul style="list-style-type: none"> • Travel costs <ul style="list-style-type: none"> ○ Would the project not be acquired or constructed “but for” the travel? ○ Would the salary of the travelling person be an allowable “staff cost” under MMB’s policy? • Technical assistance and audits <ul style="list-style-type: none"> ○ Not allowable if ancillary to delivery of project