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**DATE:** February 15, 2019

**TO:** The Honorable Alice Hausman  
State Representative

The Honorable Torrey Westrom  
State Senator

The Honorable Lynn Carlson  
State Representative

The Honorable Julie Rosen  
State Senator

**CC:** Ken Savary, Fiscal Analyst  
House of Representatives

Dan Mueller, Fiscal Analyst  
Senate

Laurena Schlottach-Ratcliff, EBO  
Minnesota Management and Budget

Cassandra Moore, Policy Advisor  
Governor's Office

**FROM:** Jennifer Ho, Commissioner

**SUBJECT:** 2019 Operating Costs Report

I am submitting the attached Operating Costs Report For FY 2018 and Budget Plan For FY 2019 for the Minnesota Housing, pursuant to Minn. Stat. § 462A.20, subd. 4. We anticipate total operating costs will be \$35.971 million for FY 2019 which is nearly identical to our final operating costs for FY 2018. For context, in FY2018 we provided \$1.266 billion in assistance to households across the state so our ratio of operating expenses to assistance provided in FY2018 was 2.84%.

Also enclosed is the Agency's FY2018 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The total amount of payroll is consistent with the Agency's payroll records. The FY2018 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

If you have any questions, please contact me at (651) 296-5738 or [Jennifer.ho@state.mn.us](mailto:Jennifer.ho@state.mn.us) or Ryan Baumtrog at (651) 296-9820 or [ryan.baumtrog@state.mn.us](mailto:ryan.baumtrog@state.mn.us)



OPERATING COSTS REPORT FOR F.Y. 2018 AND BUDGET PLAN FOR F.Y. 2019  
SUBMITTED PURSUANT TO M.S. 462A.20, Subd. 4

	<u>FY 2018</u>		<u>FY 2019</u>				Estimated Yr over Yr Increase (Decrease)
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	Actual through 12/31/2018	Estimated for the Full Year	Under (Over) Budget	
<b><u>Operating Costs</u></b>							
Salaries and Benefits (NOTE A)	27,140	26,864	28,615	12,097	27,671	944	807
Rents and Utilities	2,712	1,517	1,644	789	1,620	24	103
Repairs, Alterations, Maintenance	235	97	54	12	41	13	(56)
Printing and Advertising	161	130	166	64	146	20	16
Professional/Technical Services	2,867	3,165	3,963	966	2,358	1,605	(807)
Computer and Systems Services	2,194	2,597	2,418	186	2,418	0	(179)
Communications	190	158	183	46	138	45	(20)
Travel and Subsistence, Instate	191	181	209	82	181	28	0
Travel and Subsistence, Out of State	183	120	190	33	145	45	25
Supplies	302	161	532	62	315	217	154
Equipment	831	188	476	47	180	296	(8)
Employee Development	360	234	390	160	339	51	105
Other Operating Costs	247	388	304	155	270	34	(118)
State Indirect Cost Billings	222	222	142	35	139	3	(83)
Attorney General Costs	12	7	12	4	10	2	3
Total, Agency Operating Costs	<u>37,847</u>	<u>36,029</u>	<u>39,298</u>	<u>14,738</u>	<u>35,971</u>	<u>3,327</u>	<u>(58)</u>

<b><u>Assistance Provided</u></b>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>Total Assistance Provided by the Agency (NOTE B)</b>	<u>717,375</u>	<u>726,979</u>	<u>638,307</u>	<u>781,838</u>	<u>754,083</u>	<u>1,037,283</u>	<u>1,091,030</u>	<u>1,117,548</u>	<u>1,266,939</u>
Operating Costs as a % of Assistance Provided	<u>3.41%</u>	<u>3.21%</u>	<u>3.73%</u>	<u>3.30%</u>	<u>3.55%</u>	<u>2.88%</u>	<u>2.82%</u>	<u>3.19%</u>	<u>2.84%</u>

**NOTE A, Salaries and Benefits.** The increase in Salaries is due mainly to a 2.25% Cost of Living increase and progression increases for those eligible.

**NOTE B, Assistance Provided.** The assistance provided figures are from the Agency's annual Program Assessment Report that is submitted to the Legislature each year. The assistance figures are for a federal fiscal year ended September 30