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Minnesota Management and Budget

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mn.gov/mmb/

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

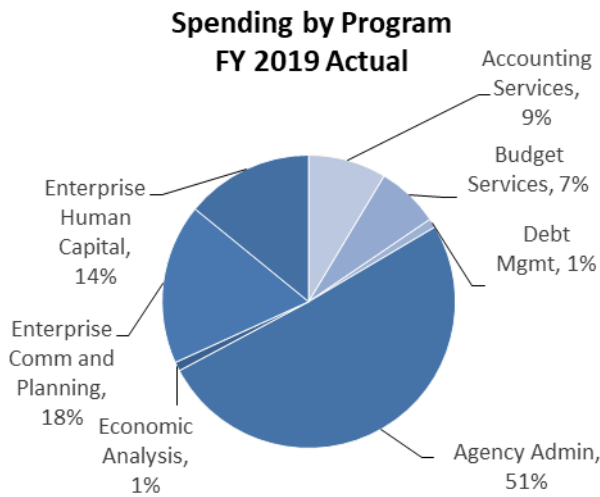
PURPOSE

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.

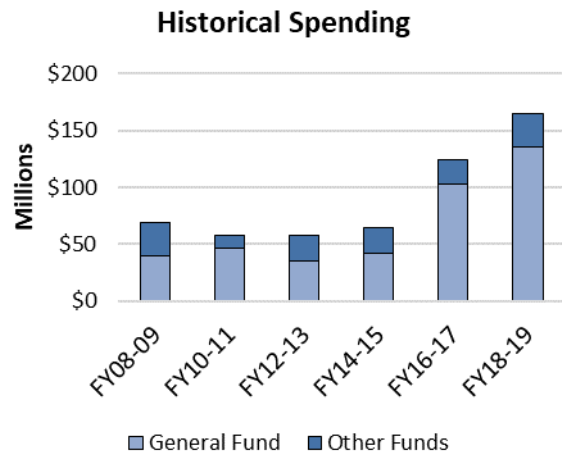
We are stewards of the state's financial and human resources, working together for the people of Minnesota. This mission is at the heart of the services we provide. Our vision is a high-performing and inclusive workforce partnering to deliver effective state services. To achieve our mission and vision, 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 | | Governor's Recommendation | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------|------------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 108,576 | 26,705 | 26,778 | 27,165 | 27,388 | 27,388 | 29,258 | 29,651 |
| 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 |
| Total | 1,251,354 | 1,309,011 | 1,330,922 | 1,448,566 | 1,596,179 | 1,743,838 | 1,598,085 | 1,746,197 |
| Biennial Change | | | | 219,124 | | 560,529 | | 564,794 |
| Biennial % Change | | | | 9 | | 20 | | 20 |
| Governor's Change from Base | | | | | | | | 4,265 |
| Governor's % Change from Base | | | | | | | | 0 |
| <u>Expenditures by Program</u> | | | | | | | | |
| Statewide Services | 130,699 | 55,476 | 57,783 | 54,225 | 51,955 | 51,676 | 53,861 | 54,035 |
| 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 |
| Total | 1,251,354 | 1,309,011 | 1,330,922 | 1,448,566 | 1,596,179 | 1,743,838 | 1,598,085 | 1,746,197 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 26,223 | 27,574 | 30,188 | 31,612 | 31,467 | 31,495 | 31,925 | 32,411 |
| Operating Expenses | 1,143,469 | 1,281,330 | 1,300,347 | 1,416,762 | 1,564,394 | 1,712,182 | 1,565,842 | 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 |
| Total | 1,251,354 | 1,309,011 | 1,330,922 | 1,448,566 | 1,596,179 | 1,743,838 | 1,598,085 | 1,746,197 |
| Total Agency Expenditures | 1,251,354 | 1,309,011 | 1,330,922 | 1,448,566 | 1,596,179 | 1,743,838 | 1,598,085 | 1,746,197 |
| Internal Billing Expenditures | | | 476 | 577 | 566 | 566 | 566 | 566 |

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-------------------------------------|-----------|-----------|-----------|-----------|---------------|-----------|---------------------------|-----------|
| | FY18 | FY19 | FY20 | FY21 | 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 | 1,597,519 | 1,745,631 |
| <u>Full-Time Equivalents</u> | 248.11 | 252.51 | 266.25 | 272.96 | 268.24 | 266.77 | 271.65 | 273.45 |

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 |
| 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 | 27,847 | 28,240 |
| 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 | 29,258 | 29,651 |
| Biennial Change in Expenditures | | | | (81,337) | | 833 | | 4,966 |
| Biennial % Change in Expenditures | | | | (60) | | 2 | | 9 |
| Governor's Change from Base | | | | | | | | 4,133 |
| 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 |
| Expenditures | 78 | 83 | 72 | 20 | 76 | 76 | 112 | 149 |
| 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 | 0.02 | 0.02 |

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 |
| Expenditures | 12,379 | 17,800 | 18,097 | 15,932 | 13,559 | 13,284 | 13,559 | 13,284 |
| Biennial Change in Expenditures | | | | 3,850 | | (7,186) | | (7,186) |

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 |
| 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 |
| Expenditures | | | | 300 | 300 | 300 | 300 | 300 |
| 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 | | | | |
| Expenditures | | | 505 | 534 | 81 | | 81 | |
| 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 |
| Expenditures | 156,327 | 208,210 | 261,930 | 332,189 | 395,690 | 471,790 | 395,690 | 471,790 |
| 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 | | Governor's Recommendation | |
|-------------------------------|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY22 | FY23 | 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 |
| Expenditures | | | | | | | | 23 |
| 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 |
| Expenditures | 9,666 | 10,889 | 12,330 | 10,274 | 10,551 | 10,628 | 10,551 | 10,628 |
| 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 |
| Expenditures | 928,897 | 1,008,056 | 974,050 | 1,023,279 | 1,108,674 | 1,179,997 | 1,108,674 | 1,179,997 |
| 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 FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base FY22 FY23 | | Governor's Recommendation 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 |
| Expenditures | 35,430 | 37,268 | 37,159 | 38,873 | 39,860 | 40,375 | 39,860 | 40,375 |
| 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 |
|--|---------------|---------------|---------------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| 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 |
| Total Governor's Recommendations | 27,221 | 27,847 | 28,240 | 56,087 |
| Fund: 2005 - Opiate Epidemic Response | | | | |
| FY2021 Appropriations | 300 | 300 | 300 | 600 |
| Forecast Base | 300 | 300 | 300 | 600 |
| Total Governor's Recommendations | 300 | 300 | 300 | 600 |
| Fund: 3010 - Coronavirus Relief | | | | |
| FY2021 Appropriations | 615 | 615 | 615 | 1,230 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (615) | (615) | (1,230) |
| Forecast Base | 615 | 0 | 0 | 0 |
| Total Governor's Recommendations | 615 | 0 | 0 | 0 |
| Fund: 4925 - Paid Family Medical Leave | | | | |
| Change Items | | | | |
| Paid Family And Medical Leave Insurance | | | 23 | 23 |
| Total Governor's Recommendations | | | 23 | 23 |
| Open | | | | |
| Fund: 1000 - General | | | | |
| Change Items | | | | |
| Transfer of Single Audit Responsibilities from the Legislative Auditor | | 1,244 | 1,244 | 2,488 |
| Total Governor's Recommendations | | 1,244 | 1,244 | 2,488 |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 20 | 76 | 76 | 152 |
| Forecast Base | 20 | 76 | 76 | 152 |
| Change Items | | | | |

Management and Budget

Agency Change Summary

(Dollars in Thousands)

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

(Dollars in Thousands)

| | FY21 | FY22 | FY23 | Biennium 2022-23 |
|--|-----------|-----------|-----------|---------------------|
| Fund: 4700 - Public Employees Insurance | | | | |
| Forecast Revenues | 332,200 | 394,925 | 469,543 | 864,468 |
| Total Governor's Recommendations | 332,200 | 394,925 | 469,543 | 864,468 |
| Fund: 5200 - Management Analysis | | | | |
| Forecast Revenues | 10,277 | 10,612 | 10,690 | 21,302 |
| Total Governor's Recommendations | 10,277 | 10,612 | 10,690 | 21,302 |
| Fund: 5600 - State Employees Insurance | | | | |
| 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 |
| Fund: 6000 - Miscellaneous Agency | | | | |
| Forecast Revenues | 39,751 | 40,150 | 40,563 | 80,713 |
| Total Governor's Recommendations | 39,751 | 40,150 | 40,563 | 80,713 |
| <i>Non-Dedicated</i> | | | | |
| Fund: 1000 - General | | | | |
| 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 |
|--|------------|----------|----------|----------|
| Minnesota Management and Budget Non-Operating | | | | |
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 336 | 671 | 671 | 671 |
| Minnesota Management and Budget | | | | |
| Special Revenue Fund | | | | |
| Expenditures | 36 | 73 | 73 | 73 |
| Revenues | 36 | 73 | 73 | 73 |
| Net Fiscal Impact = (Expenditures – Revenues) | (336) | (671) | (671) | (671) |
| FTEs | 0.5 | 1 | 1 | 1 |

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>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</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 |
|--|----------|----------|----------|----------|
| Office of the Legislative Auditor | | | | |
| General Fund | | | | |
| Expenditures | (1,244) | (1,244) | (1,244) | (1,244) |
| Revenues | 0 | 0 | 0 | 0 |
| Minnesota Management and Budget | | | | |
| 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 |
| FTEs | 0 | 0 | 0 | 0 |

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.

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

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 |
| 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) | (38,626) |
| 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.

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

Program: Statewide Services
Activity: Accounting Services

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 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 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 |
| Total | 5,062 | 4,792 | 5,136 | 5,269 | 5,282 | 5,282 | 6,686 | 6,847 |
| Biennial Change | | | | 552 | | 159 | | 3,128 |
| Biennial % Change | | | | 6 | | 2 | | 30 |
| Governor's Change from Base | | | | | | | | 2,969 |
| Governor's % Change from Base | | | | | | | | 28 |
| <u>Expenditures by Category</u> | | | | | | | | |
| 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 | | | | | | | |
| Total | 5,062 | 4,792 | 5,136 | 5,269 | 5,282 | 5,282 | 6,686 | 6,847 |
| <u>Full-Time Equivalents</u> | | | | | | | | |
| | 46.73 | 43.69 | 45.81 | 45.81 | 45.10 | 44.72 | 46.10 | 46.68 |

Accounting Services

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| 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 | | | | | |
| Expenditures | 5,062 | 4,792 | 5,136 | 5,269 | 5,282 | 5,282 | 6,650 | 6,774 |
| 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 Equivalent | 46.73 | 43.69 | 45.81 | 45.81 | 45.10 | 44.72 | 46.10 | 46.68 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--|--|--|---|--|---|-----------|-----------|
| Receipts | | | | | | | 36 | 73 |
| Expenditures | | | | | | | 36 | 73 |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 109 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 109 |
| Governor's % Change from Base | | | | | | | | |

Program: Statewide Services**Activity: Budget Services**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> | 2015 | 2017 | 2019 |
|------------------------|---|-------------|--------------------------------------|--------------------------------------|
| 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 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 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 |
| Total | 3,617 | 3,831 | 4,280 | 4,808 | 4,834 | 4,834 | 4,924 | 5,013 |
| 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 |
| Total | 3,617 | 3,831 | 4,280 | 4,808 | 4,834 | 4,834 | 4,924 | 5,013 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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 |
| Expenditures Less Internal Billing | 3,617 | 3,831 | 4,280 | 4,799 | 4,825 | 4,825 | 4,915 | 5,004 |

Full-Time Equivalent

| | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 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 FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | 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 | | | | | | |
| Expenditures | 178 | 14 | 186 | | | | | |
| 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 |
| Expenditures | | | | 300 | 300 | 300 | 300 | 300 |
| 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/

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 | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|-------------|------------------------------|-------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 547 | 568 | 591 | 591 | 591 | 591 | 599 | 607 |
| Total | 547 | 568 | 591 | 591 | 591 | 591 | 599 | 607 |
| Biennial Change | | | | 68 | | 0 | | 24 |
| Biennial % Change | | | | 6 | | (0) | | 2 |
| Governor's Change from Base | | | | | | | | 24 |
| Governor's % Change from Base | | | | | | | | 2 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 325 | 341 | 361 | 327 | 345 | 346 | 353 | 362 |
| Operating Expenses | 222 | 227 | 231 | 264 | 246 | 245 | 246 | 245 |
| Total | 547 | 568 | 591 | 591 | 591 | 591 | 599 | 607 |
| <u>Full-Time Equivalents</u> | | | | | | | | |
| | 3.04 | 3.28 | 3.01 | 3.00 | 3.00 | 3.00 | 3.06 | 3.13 |

Economic Analysis

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base FY22 FY23 | | Governor's Recommendation FY22 FY23 | |
|-----------------------------------|----------------|----------------|----------------|------------------|----------------------------|------------|---|------------|
| 1000 - General | | | | | | | | |
| 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 | | | | | |
| Expenditures | 547 | 568 | 591 | 591 | 591 | 591 | 599 | 607 |
| 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/

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>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|---|---|--|
| Results | <p>The state’s general obligation bond ratings as of July 2018 compared to July 2020. In 2018, Standard & Poor’s upgraded the state’s rating from AA+ to AAA. In 2020, Standard & Poor’s affirmed the AAA and assigned a negative outlook to the rating.</p> <ul style="list-style-type: none"> • Moody’s • Standard & Poor’s • Fitch | <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"> • Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%) • Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%) • General obligation bonds scheduled to mature quickly (target: 40% within five years and 70% within 10 years) | <p>2.58% 3.85% 42.1%/73.4%</p> | <p>2.27% 3.57% 42.2%/74.0%</p> | <p>February 2018, February 2020 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 FY22 FY23 | | Governor's Recommendation FY22 FY23 | |
|--|----------------|----------------|----------------|------------------|----------------------------|-------------|---|-------------|
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 489 | 542 | 580 | 610 | 613 | 613 | 627 | 642 |
| Total | 489 | 542 | 580 | 610 | 613 | 613 | 627 | 642 |
| Biennial Change | | | | 159 | | 36 | | 79 |
| Biennial % Change | | | | 15 | | 3 | | 7 |
| Governor's Change from Base | | | | | | | | 43 |
| Governor's % Change from Base | | | | | | | | 4 |
| <u>Expenditures by Category</u> | | | | | | | | |
| Compensation | 474 | 530 | 569 | 597 | 600 | 603 | 614 | 632 |
| Operating Expenses | 15 | 12 | 11 | 13 | 13 | 10 | 13 | 10 |
| Total | 489 | 542 | 580 | 610 | 613 | 613 | 627 | 642 |
| <u>Full-Time Equivalents</u> | | | | | | | | |
| | 3.44 | 4.01 | 3.98 | 4.00 | 4.00 | 4.00 | 4.11 | 4.23 |

Debt Management

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|------------|------------------------------|------------|
| | | | | | 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/

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"> • Females • Racial/Ethnic minorities • Individuals with disabilities • Veterans | 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 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 4,281 | 4,450 | 4,464 | 4,690 | 4,606 | 4,606 | 4,715 | 4,823 |
| 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 |
| Total | 8,469 | 7,836 | 9,938 | 9,181 | 9,099 | 9,058 | 9,208 | 9,275 |
| Biennial Change | | | | 2,814 | | (962) | | (636) |
| Biennial % Change | | | | 17 | | (5) | | (3) |
| Governor's Change from Base | | | | | | | | 326 |
| Governor's % Change from Base | | | | | | | | 2 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Compensation | 5,486 | 5,906 | 6,459 | 6,288 | 6,206 | 6,164 | 6,315 | 6,381 |
| Operating Expenses | 2,981 | 1,925 | 3,377 | 2,866 | 2,868 | 2,869 | 2,868 | 2,869 |
| Grants, Aids and Subsidies | | | 10 | | | | | |
| Capital Outlay-Real Property | 0 | | | | | | | |
| Other Financial Transaction | 2 | 4 | 92 | 27 | 25 | 25 | 25 | 25 |
| Total | 8,469 | 7,836 | 9,938 | 9,181 | 9,099 | 9,058 | 9,208 | 9,275 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Agency Expenditures | 8,469 | 7,836 | 9,938 | 9,181 | 9,099 | 9,058 | 9,208 | 9,275 |
| Internal Billing Expenditures | | | 75 | 95 | 95 | 95 | 95 | 95 |
| Expenditures Less Internal Billing | 8,469 | 7,836 | 9,863 | 9,086 | 9,004 | 8,963 | 9,113 | 9,180 |

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 FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | 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 | 4,715 | 4,823 |
| 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 | 4,715 | 4,823 |
| Biennial Change in Expenditures | | | | 424 | | 58 | | 384 |
| Biennial % Change in Expenditures | | | | 5 | | 1 | | 4 |
| Governor's Change from Base | | | | | | | | 326 |
| Governor's % Change from Base | | | | | | | | 4 |
| 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 | |
| Expenditures | 902 | 1,075 | 1,628 | 1,724 | 1,726 | 1,685 | 1,726 | 1,685 |
| 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 |
| Expenditures | 3,286 | 2,310 | 3,845 | 2,767 | 2,767 | 2,767 | 2,767 | 2,767 |
| 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 | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-------------------------------|--------|--------|--------|----------|---------------|-------|---------------------------|-------|
| | FY18 | FY19 | FY20 | FY21 | 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/

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 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 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 |
| Total | 105,161 | 28,113 | 27,557 | 25,235 | 22,543 | 22,228 | 22,796 | 22,524 |
| 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 |
| Total | 105,161 | 28,113 | 27,557 | 25,235 | 22,543 | 22,228 | 22,796 | 22,524 |

| | | | | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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 |
| Expenditures Less Internal Billing | 105,161 | 28,113 | 27,383 | 25,039 | 22,358 | 22,043 | 22,611 | 22,339 |

Full-Time Equivalent

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 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 FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| 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 | | | | | |
| Expenditures | 93,784 | 11,319 | 10,697 | 10,473 | 10,553 | 10,553 | 10,806 | 10,826 |
| 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 |
| Expenditures | 78 | 83 | 72 | 20 | 76 | 76 | 76 | 76 |
| 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 |
| Expenditures | 11,299 | 16,711 | 16,283 | 14,208 | 11,833 | 11,599 | 11,833 | 11,599 |
| 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 | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-------------------------------|--------|--------|--------|----------|---------------|-------|---------------------------|-------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | 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 | | | | |
| Expenditures | | | 505 | 534 | 81 | | 81 | |
| 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 |
| Expenditures | | | | | | | | 23 |
| 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

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"> • Total consulting hours • Number of projects • Number of agencies served | 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 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 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 |
| Total | 7,355 | 9,796 | 9,700 | 8,531 | 8,993 | 9,070 | 9,021 | 9,127 |
| 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 |
| Total | 7,355 | 9,796 | 9,700 | 8,531 | 8,993 | 9,070 | 9,021 | 9,127 |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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 |
| Expenditures Less Internal Billing | 7,355 | 9,796 | 9,700 | 8,481 | 8,943 | 9,020 | 8,971 | 9,077 |

Full-Time Equivalents

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 25.52 | 27.36 | 29.37 | 27.51 | 28.76 | 28.75 | 28.99 | 29.20 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|--------------|------------------------------|--------------|
| | | | | | 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 |
| Expenditures | 6,380 | 8,579 | 8,484 | 7,507 | 7,784 | 7,861 | 7,784 | 7,861 |
| 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/

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 |
| <i>Expenditures by Fund</i> | | | | | | | | |
| 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 |
| Total | 1,120,654 | 1,253,534 | 1,273,139 | 1,394,341 | 1,544,224 | 1,692,162 | 1,544,224 | 1,692,162 |
| 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 |
| Total | 1,120,654 | 1,253,534 | 1,273,139 | 1,394,341 | 1,544,224 | 1,692,162 | 1,544,224 | 1,692,162 |

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 |
| Total | 1,120,654 | 1,253,534 | 1,273,139 | 1,394,341 | 1,544,224 | 1,692,162 | 1,544,224 | 1,692,162 |

| | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 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 |
| Expenditures Less Internal Billing | 1,120,654 | 1,253,534 | 1,272,912 | 1,394,114 | 1,543,997 | 1,691,935 | 1,543,997 | 1,691,935 |

Full-Time Equivalent

| | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | 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 |
| 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 |
| Expenditures | 156,327 | 208,210 | 261,930 | 332,189 | 395,690 | 471,790 | 395,690 | 471,790 |
| 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 |
| Expenditures | 928,897 | 1,008,056 | 974,050 | 1,023,279 | 1,108,674 | 1,179,997 | 1,108,674 | 1,179,997 |
| 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 |
| Expenditures | 35,430 | 37,268 | 37,159 | 38,873 | 39,860 | 40,375 | 39,860 | 40,375 |
| 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 Equivalent (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 |
|--|-------------------|----------------------|
| ASSETS | | |
| 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 |
| LIABILITIES | | |
| 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 |
| NET ASSETS | | |
| 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 Equivalent (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 |
|--|-------------------|----------------------|
| ASSETS | | |
| 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 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| 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 |
| LIABILITIES | | |
| 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 |
| DEFERRED INFLOWS OF RESOURCES | | |

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..... | 4,748 | 4,748 |
| 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.