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Date: February 15, 2022

To: The Honorable Alice Hausman
State Representative

The Honorable Rich Draheim
State Senator

The Honorable Rena Moran
State Representative

The Honorable Julie Rosen
State Senator

cc: Joe Harney, Fiscal Analyst
House of Representatives

Dan Mueller, Fiscal Analyst
Senate

Kwesi Pasley, EBO
Minnesota Management and Budget

Rachel Ganani, Policy Advisor
Governor's Office

From: Jennifer Leimaile Ho, Commissioner

Subject: 2022 Operating Costs Report

Pursuant to Minn. Stat. § 462A.20, subd. 4, I am submitting the Agency's Operating Costs Report for FY 2021 and Budget Plan for FY 2022.

Our FY 2021 operating budget was \$38.1 million and we anticipate our operating budget will be \$39.6 million for FY 2022, an estimated increase of 3.9%. Total assistance provided in FY 2021 was \$1.9 billion and our ratio of operating expenses to assistance provided was 1.99%. Total assistance provided increased by 20.0% from FY 2020 to FY 2021.

Also enclosed is the Agency's FY 2021 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The total amount of payroll is consistent with the Agency's payroll records. The FY2021 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

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



OPERATING COSTS REPORT FOR FY 2021 AND BUDGET FOR FY 2022
SUBMITTED PURSUANT TO M.S. 462A.20, Subd. 4

	<u>FY 2021</u>		<u>FY 2022</u>				Estimated Yr over Yr Increase (Decrease) Spending
	Budgeted Spending	Actual Spending	Budgeted Spending	Actual Spending through 12/31/2021	Estimated Spending for the Full Year	Under (Over) Budget	
<u>Operating Costs</u>							
Salaries and Benefits (NOTE A)	30,980	31,185	35,156	15,221	32,817	2,340	1,632
Rents and Utilities	1,874	1,598	1,797	825	1,751	46	153
Repairs, Alterations, Maintenance	54	93	50	13	38	12	(55)
Printing and Advertising	182	52	142	33	99	43	47
Professional/Technical Services	2,968	1,330	3,545	337	1,258	2,287	(72)
Computer and Systems Services	2,671	2,563	2,456	247	2,053	403	(510)
Communications	182	110	155	33	110	45	0
Travel and Subsistence, Instate	174	51	194	41	145	49	94
Travel and Subsistence, Out of State	163	0	154	4	103	51	103
Supplies	310	44	255	30	157	98	113
Equipment	763	130	610	228	318	292	188
Employee Development	362	226	400	88	296	104	70
Other Operating Costs	268	181	234	165	249	(15)	68
State Indirect Cost Billings	536	536	196	41	196	0	(340)
Attorney General Costs	14	25	32	11	22	10	(3)
Total, Agency Operating Costs	41,501	38,124	45,376	17,317	39,612	5,765	1,488

Assistance Provided

Total Assistance Provided by the Agency (NOTE B)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Total Assistance Provided by the Agency (NOTE B)	781,838	754,083	1,037,283	1,091,030	1,117,548	1,266,939	1,353,737	1,599,546	1,919,613
Operating Costs as a % of Assistance Provided	3.30%	3.55%	2.88%	2.82%	3.19%	2.84%	2.58%	2.32%	1.99%

NOTE A, Salaries and Benefits. The increase in Salaries is due mainly to a 2.5% Cost of Living increase and progression increases for those eligible.

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