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Minnesota Management and Budget Non-Operating

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

AT A GLANCE

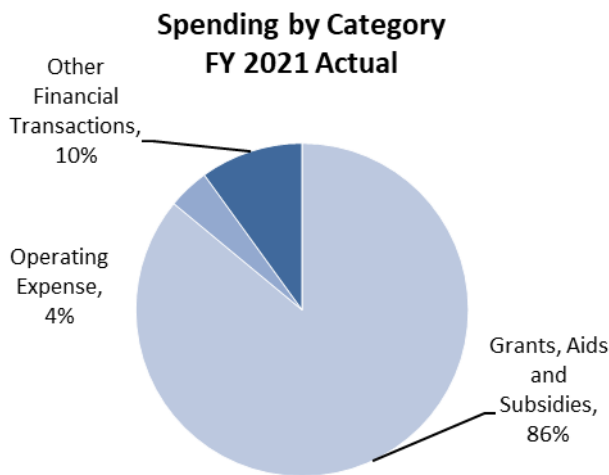
- Maintain approximately 120 accounts outside of MMB’s regular statutory operations
- Receive over \$500 million in deposits, transfers, and cancelations to the general fund annually
- Act as fiscal agent for \$8 million in federal funds annually
- Collect almost \$83 million in miscellaneous fees, fines, penalties, and surcharges annually
- Provide \$69.7 million in direct aid to various local and state pension funds annually

PURPOSE

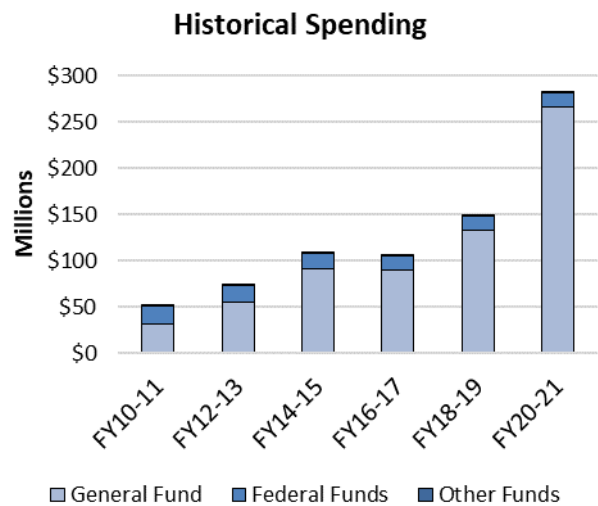
Minnesota Management and Budget (MMB) provides statewide accounting, budgeting, and financial management functions. Because of this role, statute requires MMB to manage a number of accounts and transactions that are outside of our day-to-day operations. This collective work is referred to as MMB’s non-operating activities. These accounts and transactions cover a broad range of financial activities, including tort claims, contingency accounts, pension direct aids, and miscellaneous payments, deposits, and transfers. MMB is also responsible for receiving and depositing the state’s share of various fees, fines, assessments, and surcharges collected by counties and judicial districts. Additionally, MMB acts as a pass-through entity for federal payments in lieu of taxes that we then remit to units of local government where national forests are located.

MMB is driven by our mission to be stewards of the state’s financial and human resources, working together for the people of Minnesota. Our oversight of these non-operating activities is an important aspect of our stewardship of state resources.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The charts above show the amounts and categories of MMB non-operating expenditures. They do not include debt service payments administered by the agency. Expenditures are just one facet of MMB’s non-operating activities. Our agency also processes a variety of deposits and transfers. MMB’s non-operating activities are described in more detail below.

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in Minnesota Statutes, Section 3.736, Subdivision 7, a state agency may seek approval from MMB to use money in the MMB non-operating account for tort claims if MMB determines that there is not enough money in the agency's appropriations to cover the tort claim payment.

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session. With the approval of the governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget.

Administrative Accounts: The state administers various trusts and funds on behalf of Minnesotans, including the Children's Trust, the Environmental Trust, and the Permanent School Fund. MMB manages the accounts used to support the administration of these trusts and funds.

Cash Flow Accounts: On an ongoing or one-time basis, some agencies or programs receive specific legislative authority to use general fund money to cash flow programs or activities during a biennium. These accounts are housed within the MMB non-operating accounts. In recent years, MMB has managed the following cash flow accounts:

- Lease-Purchase Cash Flow Account
- Education Aids Cash Flow Account
- Office of Higher Education Cash Flow Account
- MNsure Cash Flow Account
- MN.IT Cash Flow Account

Federal Payments in Lieu of Taxes: MMB receives pass-through federal payments in lieu of taxes for national forest lands, like the Chippewa National Forest and Superior National Forest. MMB receives these payments from the federal government and distributes them to the units of local government that are home to these forest lands.

Miscellaneous Fees, Fines, Assessments, Surcharges, and Deposits: The state charges fees and surcharges for various activities, including obtaining marriage licenses or adopting a child, and assesses fines and penalties for violations of the law. These receipts are often dedicated to more than one activity across multiple agencies; therefore, MMB is tasked with acting as an intermediary between the collecting entity and the receiving entity. In other instances, MMB is required to collect certain deposits that contribute to the available balance in the general fund or other funds.

Pension Direct Aids: The state provides direct aid to the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) to help offset the additional liability those systems assumed when they merged with the Duluth Teachers Retirement Fund (TRA), the Minneapolis Teachers Retirement Fund (TRA), and the Minneapolis Employees Retirement Fund (PERA). The state also provides direct aid to the PERA Police and Fire Fund and St. Paul Teachers' Retirement Fund to help offset unfunded liabilities. These aids are appropriated to MMB for payment to the applicable pension funds.

STRATEGIES

MMB's non-operating activities contribute to the priorities of Fiscal Accountability and Measurable Results. To support these priorities, a key MMB goal is to direct and model responsible and transparent fiscal management. We work to ensure state resources are used effectively, ensure public trust by responsibly managing state finances and maintaining or improving the state's credit ratings, and communicate the state's fiscal priorities and

financial information in a way that is accessible and understandable. These principles extend to both MMB's operating and non-operating functions. We strive to complete our prescribed non-operating duties timely and we conduct this work according to law and accounting principles. We also report our non-operating activities in the Biennial Budget, Enacted Budget, Budget and Economic Forecasts, and financial statements.

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) and 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the general legal authority for MMB. However, MMB's non-operating activities are authorized throughout various sections of Minnesota Statutes as well as Minnesota Session Law.

MMB Non-operating

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	70,745	195,678	81,298	83,354	82,440	82,006
1201 - Health Related Boards				800	400	400
2001 - Other Misc Special Revenue			226	230	230	230
2830 - Workers Compensation				100	100	100
3000 - Federal	7,615	7,495	7,982	9,765	9,765	9,765
3700 - Debt Service	45	324		200	200	200
5000 - Master Lease	19,123	21,844	21,039	21,521	24,805	24,952
Total	97,528	225,341	110,544	115,970	117,940	117,653
Biennial Change				(96,354)		9,079
Biennial % Change				(30)		4

Expenditures by Program

Contingent	100			1,275	1,000	500
Teachers Aid	60,658	60,658	60,658	60,658	60,658	60,658
Tort Claims			145	177	161	161
Federal Funds	7,615	7,495	7,982	9,765	9,765	9,765
Administrative	9,987	135,020	20,495	22,144	21,121	21,187
Debt Management	19,169	22,168	21,265	21,951	25,235	25,382
Total	97,528	225,341	110,544	115,970	117,940	117,653

Expenditures by Category

Compensation	77					
Operating Expenses	2,893	8,917	524	12,326	11,012	10,578
Grants, Aids and Subsidies	75,473	194,581	80,340	82,123	82,123	82,123
Other Financial Transaction	19,085	21,844	29,680	21,521	24,805	24,952
Total	97,528	225,341	110,544	115,970	117,940	117,653

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		561		516		
Direct Appropriation	506,180	236,583	229,547	404,100	73,580	302,545
Open Appropriation	22,536	8,512	8,686	9,631	19,111	9,487
Transfers In	8,544	332,627	34,701	20,486	10,410	10,880
Transfers Out	454,995	55,026	162,120	336,095	15,481	235,490
Net Loan Activity	(8,261)					
Cancellations	2,699	327,580	28,999	15,284	5,180	5,416
Balance Forward Out	561		516			
Expenditures	70,745	195,678	81,298	83,354	82,440	82,006
Biennial Change in Expenditures				(101,771)		(206)
Biennial % Change in Expenditures				(38)		(0)

1200 - State Government Special Rev

Transfers In			0			
Cancellations			0			

1201 - Health Related Boards

Balance Forward In		400		400		
Direct Appropriation	400	400	400	400	400	400
Transfers In		30	1			
Cancellations		830	1			
Balance Forward Out	400		400			
Expenditures				800	400	400
Biennial Change in Expenditures				800		0
Biennial % Change in Expenditures						

1250 - Health Care Response

Direct Appropriation		16,704	3,814			
Transfers In	150,000					
Transfers Out		16,704	3,814			
Cancellations	150,000					

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1251 - COVID-19 Minnesota						
Direct Appropriation		59,848	21,900			
Transfers In	200,000					
Transfers Out		59,848	21,900			
Cancellations	200,000					

2000 - Restrict Misc Special Revenue

Balance Forward In		3,656	6,848		3,110	6,220
Receipts	6,579	6,196	(4,012)	6,260	6,260	6,260
Transfers Out	2,923	3,004	2,836	3,150	3,150	3,150
Balance Forward Out	3,656	6,848	0	3,110	6,220	9,330

2001 - Other Misc Special Revenue

Balance Forward In			4,249	7,969	12,044	16,119
Receipts			20	5	5	5
Transfers In	340	4,589	4,265	4,640	4,640	4,640
Transfers Out	340	340	340	340	340	340
Balance Forward Out		4,249	7,969	12,044	16,119	20,194
Expenditures			226	230	230	230
Biennial Change in Expenditures				456		4
Biennial % Change in Expenditures						1

2005 - Opiate Epidemic Response

Balance Forward In			6,619	5,984	26,032	31,837
Receipts		6,619	365	20,048	5,805	4,163
Transfers In			1,000			
Transfers Out			1,000			
Cancellations			1,000			
Balance Forward Out		6,619	5,984	26,032	31,837	36,000

2340 - Renewable Development

Balance Forward In	80,403		19,705	40,370	67,264	93,117
Receipts	16,340	19,705	20,665	26,894	25,853	30,111

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Balance Forward Out	96,742	19,705	40,370	67,264	93,117	123,228

2360 - Health Care Access

Direct Appropriation	122,000	122,000	122,000	122,000	70,215	0
Transfers In	7,200	0	85,049			
Transfers Out	122,000	122,000	122,000	122,000	70,215	
Cancellations	7,200	0	85,049			

2700 - Trunk Highway

Direct Appropriation		8,227				
Transfers In	3,936	4,291	4,358	3,601	3,761	3,934
Cancellations	3,936	12,518	4,358	3,601	3,761	3,934

2830 - Workers Compensation

Balance Forward In		100		100	100	100
Direct Appropriation	100	100	100	100	100	100
Transfers In			14			
Cancellations		200	14			
Balance Forward Out	100		100	100	100	100
Expenditures				100	100	100
Biennial Change in Expenditures				100		100
Biennial % Change in Expenditures						

3000 - Federal

Balance Forward In	51	59	68	74	74	74
Receipts	7,623	7,503	7,988	9,765	9,765	9,765
Balance Forward Out	59	68	74	74	74	74
Expenditures	7,615	7,495	7,982	9,765	9,765	9,765
Biennial Change in Expenditures				2,638		1,783
Biennial % Change in Expenditures				17		10

3700 - Debt Service

Balance Forward In		15	190	190	190	190
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MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Receipts	60	500		200	200	200
Balance Forward Out	15	190	190	190	190	190
Expenditures	45	324		200	200	200
Biennial Change in Expenditures				(170)		200
Biennial % Change in Expenditures				(46)		

3800 - Permanent School

Balance Forward In	9,622	9,417	8,780	9,615	7,779	7,930
Receipts	38,885	36,041	36,162	35,093	35,545	35,997
Transfers Out	39,090	36,678	35,327	36,929	35,394	35,846
Balance Forward Out	9,417	8,780	9,615	7,779	7,930	8,081

4901 - 911 Revenue Bond Debt Service

Balance Forward In	807	1,069	1,069	1,069	1,069	1,069
Transfers In	23,261	10,652				
Transfers Out	22,998	10,652				
Balance Forward Out	1,069	1,069	1,069	1,069	1,069	1,069

5000 - Master Lease

Balance Forward In	0	0	0			
Transfers In	19,123	21,844	21,039	21,521	24,805	24,952
Transfers Out			0			
Balance Forward Out	0	0	0			
Expenditures	19,123	21,844	21,039	21,521	24,805	24,952
Biennial Change in Expenditures				1,593		7,197
Biennial % Change in Expenditures				4		17

6000 - Miscellaneous Agency

Balance Forward In	10,651	12,634	18,463	16,907	19,088	21,240
Receipts	2,664	6,470	(962)	2,840	2,840	2,840
Transfers In	91	64	25	126	72	72
Transfers Out	1,385	706	618	785	760	760
Balance Forward Out	12,021	18,463	16,907	19,088	21,240	23,392

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY20	FY21	FY22	FY23	FY24	FY25

8000 - Housing Finance Agency

Balance Forward In	150	20	315	17		
Receipts	508	442	538	480	480	480
Transfers Out	638	147	835	497	480	480
Balance Forward Out	20	315	17			

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	104,008	90,937	90,937	181,874
Base Adjustments				
One-Time Capital Appropriations		(17,044)	(17,044)	(34,088)
All Other One-Time Appropriations		(813)	(813)	(1,626)
Current Law Base Change	300,092		229,465	229,465
Biennial Appropriations		500		500
Forecast Base	404,100	73,580	302,545	376,125
Fund: 1201 - Health Related Boards				
FY2023 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Fund: 2360 - Health Care Access				
FY2023 Appropriations	122,000	122,000	122,000	244,000
Base Adjustments				
Current Law Base Change		(51,785)	(122,000)	(173,785)
Forecast Base	122,000	70,215	0	70,215
Fund: 2830 - Workers Compensation				
FY2023 Appropriations	100	100	100	200
Forecast Base	100	100	100	200
Open				
Fund: 1000 - General				
Base Adjustments				
Forecast Open Appropriation Adjustment		9,690		9,690
November Forecast Adjustment	9,631	9,421	9,487	18,908
Forecast Base	9,631	19,111	9,487	28,598
Dedicated				
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	230	230	230	460
Forecast Base	230	230	230	460
Fund: 3000 - Federal				
Planned Spending	9,765	9,765	9,765	19,530
Forecast Base	9,765	9,765	9,765	19,530

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Fund: 3700 - Debt Service				
Planned Spending	200	200	200	400
Forecast Base	200	200	200	400
Fund: 5000 - Master Lease				
Planned Spending	21,521	24,805	24,952	49,757
Forecast Base	21,521	24,805	24,952	49,757
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,260	6,260	6,260	12,520
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	5	5	5	10
Fund: 2005 - Opiate Epidemic Response				
Forecast Revenues	20,048	5,805	4,163	9,968
Fund: 2340 - Renewable Development				
Forecast Revenues	26,894	25,853	30,111	55,964
Fund: 3000 - Federal				
Forecast Revenues	9,765	9,765	9,765	19,530
Fund: 3700 - Debt Service				
Forecast Revenues	200	200	200	400
Fund: 3800 - Permanent School				
Forecast Revenues	35,093	35,545	35,997	71,542
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	2,840	2,840	2,840	5,680
Fund: 8000 - Housing Finance Agency				
Forecast Revenues	480	480	480	960

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<i>Non-Dedicated</i>				
Fund: 1000 - General				
Forecast Revenues	702,103	840,324	480,489	1,320,813
Fund: 1200 - State Government Special Rev				
Forecast Revenues	2,501	2,501	2,501	5,002
Fund: 2212 - Peace Officer Training Account				
Forecast Revenues	103	103	103	206
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	2,500	2,500	2,500	5,000
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	157	157	157	314
Fund: 2302 - Clean Water				
Forecast Revenues	1,250	1,250	1,250	2,500
Fund: 2303 - Parks and Trails				
Forecast Revenues	400	400	400	800
Fund: 2360 - Health Care Access				
Forecast Revenues	7,770	7,980	8,140	16,120