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Minnesota Management and Budget

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

AT A GLANCE

- Approximately 270 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 49,000 vendor payments per week
- Process over 50,000 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 10 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 66 MNIT employees dedicated to MMB’s technology portfolio

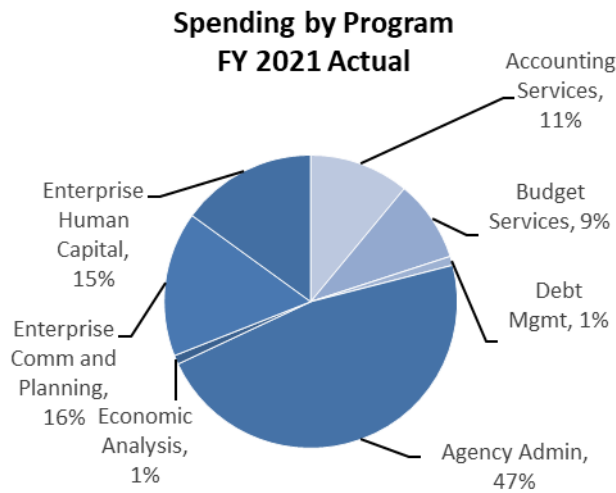
PURPOSE

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.

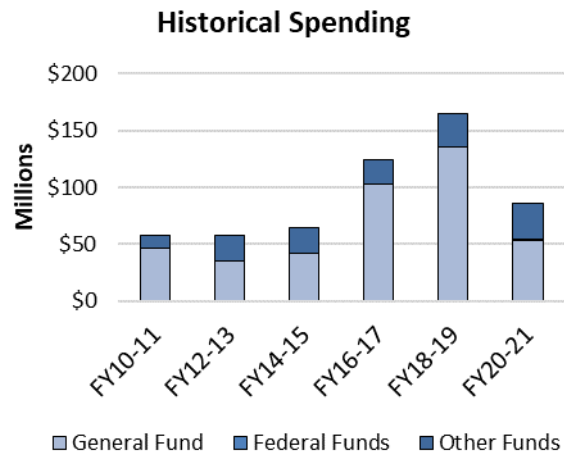
We are stewards of the state’s financial and human resources, working together for the people of Minnesota. This mission is at the heart of the services we provide. Our vision is a high-performing and inclusive workforce partnering to deliver effective state services. To achieve our mission and vision, 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 FY 20-21, \$53.4 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. \$29.2 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, \$21.8 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 FY 20-21, SEGIP expenditures totaled \$2.006 billion and PEIP expenditures totaled \$589.4 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 charged with taking a data-driven and results-oriented approach to create a state government centered on improving outcomes and aligning resources for all children, youth and families. 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 Employee Relations, including the Office of the Chief Inclusion Officer, is 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, communicating the state’s fiscal priorities and financial information in a way that is accessible and understandable, conducting impact evaluations and delivering findings that are understood, trusted, and used to guide decision-making, and integrating measurable results into work across MMB.

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	26,778	26,891	28,547	30,732	30,015	30,015
2000 - Restrict Misc Special Revenue	72	9	443	375	27	27
2001 - Other Misc Special Revenue	18,097	13,015	13,544	19,499	18,488	18,488
2005 - Opiate Epidemic Response		295	299	301	300	300
2403 - Gift			1	100	75	75
3010 - Coronavirus Relief	505	522	62			
3015 - ARP-State Fiscal Recovery			1,606	5,772		
4700 - Public Employees Insurance	261,930	327,601	348,463	350,727	350,727	350,727
5200 - Management Analysis	12,330	9,942	11,383	13,512	13,512	13,512
5600 - State Employees Insurance	974,050	1,032,769	1,090,677	1,120,081	1,121,235	1,121,735
6000 - Miscellaneous Agency	37,159	38,680	38,997	41,411	41,389	41,389
Total	1,330,922	1,449,725	1,534,023	1,582,510	1,575,768	1,576,268
Biennial Change				335,886		35,503
Biennial % Change				12		1
<u>Expenditures by Program</u>						
Statewide Services	57,783	50,674	55,910	70,317	62,421	62,421
Employee Insurance	1,273,139	1,399,051	1,478,113	1,512,193	1,513,347	1,513,847
Total	1,330,922	1,449,725	1,534,023	1,582,510	1,575,768	1,576,268
<u>Expenditures by Category</u>						
Compensation	30,188	30,549	32,304	32,131	31,183	31,182
Operating Expenses	1,300,347	1,419,110	1,501,623	1,550,193	1,544,504	1,545,005
Grants, Aids and Subsidies	10		25	26	4	4
Capital Outlay-Real Property	79					
Other Financial Transaction	298	66	71	160	77	77
Total	1,330,922	1,449,725	1,534,023	1,582,510	1,575,768	1,576,268
Total Agency Expenditures	1,330,922	1,449,725	1,534,023	1,582,510	1,575,768	1,576,268
Internal Billing Expenditures	476	579	921	1,054	1,011	1,011
Expenditures Less Internal Billing	1,330,446	1,449,146	1,533,102	1,581,456	1,574,757	1,575,257

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Full-Time Equivalents</u>	266.25	263.99	267.40	267.40	263.83	263.83

Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In	0	1,240		717		
Direct Appropriation	27,744	27,221	29,319	30,140	30,140	30,140
Transfers In	470	2,011	677	815	476	476
Transfers Out	291	2,144	733	940	601	601
Cancellations	1	1,436				
Balance Forward Out	1,144		716			
Expenditures	26,778	26,891	28,547	30,732	30,015	30,015
Biennial Change in Expenditures				5,609		751
Biennial % Change in Expenditures				10		1
Full-Time Equivalents	151.07	147.72	149.10	149.10	149.10	149.10

2000 - Restrict Misc Special Revenue

Balance Forward In	13	15	13	9	9	9
Receipts	74	7	440	375	27	27
Balance Forward Out	15	13	9	9	9	9
Expenditures	72	9	443	375	27	27
Biennial Change in Expenditures				738		(764)
Biennial % Change in Expenditures				918		(93)
Full-Time Equivalents			0.58	0.58	0.01	0.01

2001 - Other Misc Special Revenue

Balance Forward In	8,366	5,775	4,988	4,314	3,287	3,269
Receipts	13,394	12,482	12,869	18,470	18,470	18,470
Transfers In				2		
Transfers Out	450	150				
Balance Forward Out	3,213	5,091	4,313	3,287	3,269	3,251
Expenditures	18,097	13,015	13,544	19,499	18,488	18,488
Biennial Change in Expenditures				1,931		3,933
Biennial % Change in Expenditures				6		12
Full-Time Equivalents	34.58	31.99	31.00	31.00	31.00	31.00

2005 - Opiate Epidemic Response

Balance Forward In				1		
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Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Direct Appropriation		300	300	300	300	300
Cancellations		5				
Balance Forward Out			1			
Expenditures		295	299	301	300	300
Biennial Change in Expenditures				305		0
Biennial % Change in Expenditures						0
Full-Time Equivalents		1.75	3.09	3.09	3.09	3.09

2403 - Gift

Balance Forward In				74	74	74
Receipts			75	75	75	75
Transfers In				25		
Balance Forward Out			74	74	74	74
Expenditures			1	100	75	75
Biennial Change in Expenditures				101		49
Biennial % Change in Expenditures						49

3010 - Coronavirus Relief

Balance Forward In			93			
Direct Appropriation	525	615				
Cancellations	19		30			
Balance Forward Out		93				
Expenditures	505	522	62			
Biennial Change in Expenditures				(965)		(62)
Biennial % Change in Expenditures				(94)		
Full-Time Equivalents		3.18				

3015 - ARP-State Fiscal Recovery

Balance Forward In				2,119		
Direct Appropriation			5,135	3,653	0	0
Cancellations			1,410			
Balance Forward Out			2,119			
Expenditures			1,606	5,772		

Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Biennial Change in Expenditures				7,378		(7,378)
Biennial % Change in Expenditures						(100)
Full-Time Equivalents			3.00	3.00		

4700 - Public Employees Insurance

Balance Forward In	81,810	93,297	95,180	80,729	61,574	42,419
Receipts	273,278	329,336	334,013	331,572	331,572	331,572
Balance Forward Out	93,158	95,032	80,729	61,574	42,419	23,264
Expenditures	261,930	327,601	348,463	350,727	350,727	350,727
Biennial Change in Expenditures				109,659		2,264
Biennial % Change in Expenditures				19		0
Full-Time Equivalents	1.71	1.80	1.81	1.81	1.81	1.81

5200 - Management Analysis

Balance Forward In	4,302	2,605	2,175	2,124	2,123	2,122
Receipts	9,728	9,452	11,333	13,511	13,511	13,511
Balance Forward Out	1,700	2,115	2,124	2,123	2,122	2,121
Expenditures	12,330	9,942	11,383	13,512	13,512	13,512
Biennial Change in Expenditures				2,623		2,129
Biennial % Change in Expenditures				12		9
Full-Time Equivalents	35.12	33.84	34.06	34.06	34.06	34.06

5600 - State Employees Insurance

Balance Forward In	295,071	391,279	479,401	435,004	513,570	590,982
Receipts	1,068,608	1,119,872	1,046,336	1,198,647	1,198,647	1,198,647
Transfers In	20,256	2,432	14,939	7,531	2,531	2,531
Transfers Out	20,284	2,467	14,995	7,531	2,531	2,531
Balance Forward Out	389,601	478,347	435,004	513,570	590,982	667,894
Expenditures	974,050	1,032,769	1,090,677	1,120,081	1,121,235	1,121,735
Biennial Change in Expenditures				203,939		32,212
Biennial % Change in Expenditures				10		1
Full-Time Equivalents	43.77	43.71	44.76	44.76	44.76	44.76

Management and Budget

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
6000 - Miscellaneous Agency						
Balance Forward In	8,205	10,358	9,819	10,489	7,499	5,916
Receipts	39,312	38,141	39,666	38,421	39,806	39,806
Balance Forward Out	10,358	9,819	10,488	7,499	5,916	4,333
Expenditures	37,159	38,680	38,997	41,411	41,389	41,389
Biennial Change in Expenditures				4,569		2,370
Biennial % Change in Expenditures				6		3

Management and Budget

Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	30,140	30,140	30,140	60,280
Forecast Base	30,140	30,140	30,140	60,280
Fund: 2005 - Opiate Epidemic Response				
FY2023 Appropriations	300	300	300	600
Forecast Base	300	300	300	600
Fund: 3015 - ARP-State Fiscal Recovery				
FY2023 Appropriations	3,653	3,653	3,653	7,306
Base Adjustments				
All Other One-Time Appropriations		(3,653)	(3,653)	(7,306)
Forecast Base	3,653	0	0	0
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	375	27	27	54
Forecast Base	375	27	27	54
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	19,499	18,488	18,488	36,976
Forecast Base	19,499	18,488	18,488	36,976
Fund: 2403 - Gift				
Planned Spending	100	75	75	150
Forecast Base	100	75	75	150
Fund: 4700 - Public Employees Insurance				
Planned Spending	350,727	350,727	350,727	701,454
Forecast Base	350,727	350,727	350,727	701,454
Fund: 5200 - Management Analysis				
Planned Spending	13,512	13,512	13,512	27,024
Forecast Base	13,512	13,512	13,512	27,024
Fund: 5600 - State Employees Insurance				
Planned Spending	1,120,081	1,121,235	1,121,735	2,242,970
Forecast Base	1,120,081	1,121,235	1,121,735	2,242,970

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Fund: 6000 - Miscellaneous Agency				
Planned Spending	41,411	41,389	41,389	82,778
Forecast Base	41,411	41,389	41,389	82,778
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	375	27	27	54
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	18,470	18,470	18,470	36,940
Fund: 2403 - Gift				
Forecast Revenues	75	75	75	150
Fund: 4700 - Public Employees Insurance				
Forecast Revenues	331,572	331,572	331,572	663,144
Fund: 5200 - Management Analysis				
Forecast Revenues	13,511	13,511	13,511	27,022
Fund: 5600 - State Employees Insurance				
Forecast Revenues	1,198,647	1,198,647	1,198,647	2,397,294
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	38,421	39,806	39,806	79,612
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	23	23	23	46

Program: Statewide Services

Activity: Accounting Services

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

AT A GLANCE

- Supports state operations in the areas of accounting, financial reporting, payroll, and treasury
- Provides functional support of two statewide enterprise resource planning systems: Statewide Integrated Financial Tools (SWIFT) and the Statewide Employee Management System (SEMA4)
- Resolves accounting and payroll issues and establishes statewide financial policies
- Over 50,000 employees paid during calendar year 2021
- 2.5 million payments made to vendors during fiscal year 2022
- Nearly 7,500 users of the SWIFT and SEMA4 systems and over 104,000 users of the Self-Service system as of August 2022

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, payroll, and other financial 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 consists of three sections: Statewide Accounting, Statewide Payroll Services, and SWIFT System Support.

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 Annual Comprehensive Financial Report (ACFR), 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 Annual Comprehensive Financial Report	Both met	Both met	2020,2021
Quality	State agency payments issued within 30 days	98.36%	98.22%	2021, 2022
Quality	Payments issued electronically	89.32%	94.57%	2020, 2022
Quality	Employee timesheets processed electronically	96.52%	96.84%	2021, 2022

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	5,136	5,550	6,918	7,392	7,053	7,053
Total	5,136	5,550	6,918	7,392	7,053	7,053
Biennial Change				3,624		(204)
Biennial % Change				34		(1)
<u>Expenditures by Category</u>						
Compensation	5,011	5,414	5,684	5,205	5,205	5,205
Operating Expenses	125	137	1,234	2,187	1,848	1,848
Total	5,136	5,550	6,918	7,392	7,053	7,053
<u>Full-Time Equivalents</u>						
	45.81	48.99	49.05	49.05	49.05	49.05

Accounting Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		62				
Direct Appropriation	5,187	5,552	6,581	6,581	6,581	6,581
Transfers In			338	811	472	472
Transfers Out		64				
Cancellations		0				
Balance Forward Out	51		0			
Expenditures	5,136	5,550	6,918	7,392	7,053	7,053
Biennial Change in Expenditures				3,624		(204)
Biennial % Change in Expenditures				34		(1)
Full-Time Equivalents	45.81	48.99	49.05	49.05	49.05	49.05

Program: Statewide Services

Activity: Budget Services

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

AT A GLANCE

- Provide budget assistance, guidance, instructions, monitoring, implementation, and oversight to more than 100 agencies for the state's \$111 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
- Conduct research on the effectiveness and impact of state programs to promote the wellbeing of residents, and facilitate use of data and information in decision-making

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, reports on the evidence of effectiveness of government-funded programs, 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 identification and use of evidence-based practices as part of the Results First program, strategic performance management, impact evaluation, and ad hoc analysis.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	2017	2019	2021
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 – 79% AMA – 95% CBS – 93%	BPAS – 95% AMA – 96% CBS – 97%	BPAS – 94% AMA – 93% CBS – 97%
Quality	Proportion of policy maker survey respondents who used Results First’s information about program effectiveness in their decision-making.	44%	53%	49%

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	4,094	4,250	4,341	4,566	4,560	4,560
2001 - Other Misc Special Revenue	186					
2005 - Opiate Epidemic Response		295	299	301	300	300
Total	4,280	4,545	4,640	4,867	4,860	4,860
Biennial Change				682		213
Biennial % Change				8		2

Expenditures by Category

Compensation	4,110	4,380	4,422	4,390	4,390	4,390
Operating Expenses	90	165	219	477	470	470
Other Financial Transaction	80	0				
Total	4,280	4,545	4,640	4,867	4,860	4,860

Total Agency Expenditures	4,280	4,545	4,640	4,867	4,860	4,860
Internal Billing Expenditures		56	16	32	32	32
Expenditures Less Internal Billing	4,280	4,489	4,624	4,835	4,828	4,828

Full-Time Equivalent

	36.29	37.27	35.81	35.81	35.81	35.81
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Budget Services

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		638		6		
Direct Appropriation	4,436	4,088	4,160	4,560	4,560	4,560
Transfers In	290	207	187			
Transfers Out		658				
Cancellations	0	26				
Balance Forward Out	632		6			
Expenditures	4,094	4,250	4,341	4,566	4,560	4,560
Biennial Change in Expenditures				564		213
Biennial % Change in Expenditures				7		2
Full-Time Equivalents	34.39	35.48	32.72	32.72	32.72	32.72

2001 - Other Misc Special Revenue

Balance Forward In	186					
Expenditures	186					
Biennial Change in Expenditures				(186)		0
Biennial % Change in Expenditures						
Full-Time Equivalents	1.90	0.04				

2005 - Opiate Epidemic Response

Balance Forward In				1		
Direct Appropriation		300	300	300	300	300
Cancellations		5				
Balance Forward Out			1			
Expenditures		295	299	301	300	300
Biennial Change in Expenditures				305		0
Biennial % Change in Expenditures						0
Full-Time Equivalents		1.75	3.09	3.09	3.09	3.09

Program: Statewide Services

Activity: Economic Analysis

<https://www.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 1,000+ individuals)
- Media contacts (30+)

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 FY20-21)</i>	<i>Recent average forecast error (FY16-17 to FY20-21)</i>	<i>Trend in accuracy</i>
Quality	1st February forecast error (+29 months from actual)	4.8%	2.2%	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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	591	562	605	532	526	526
Total	591	562	605	532	526	526
Biennial Change				(17)		(85)
Biennial % Change				(1)		(8)
<u>Expenditures by Category</u>						
Compensation	361	334	358	210	210	210
Operating Expenses	231	229	248	322	316	316
Total	591	562	605	532	526	526
<u>Full-Time Equivalents</u>						
	3.01	2.82	3.01	3.01	3.01	3.01

Economic Analysis

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		0		6		
Direct Appropriation	591	562	526	526	526	526
Transfers In	1		85			
Transfers Out		0				
Balance Forward Out	0		6			
Expenditures	591	562	605	532	526	526
Biennial Change in Expenditures				(17)		(85)
Biennial % Change in Expenditures				(1)		(8)
Full-Time Equivalents	3.01	2.82	3.01	3.01	3.01	3.01

Program: Statewide Services

Activity: Debt Management and Internal Controls

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

AT A GLANCE

- Current bond ratings: Aaa/AAA/AAA with Moody's, S&P Global, and Fitch
- \$6.6 billion of general obligation bonds currently outstanding, including \$876 million issued in calendar year 2021 and \$588 million issued in calendar year 2022 (inclusive of refinancings)
- \$1.5 billion of other tax-supported debt currently outstanding, including \$130 million issued in calendar year 2021 and an anticipated \$127 million issued in calendar year 2022
- \$5 million of revenue bonds currently outstanding
- \$37 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
- Trained 970 new supervisors and managers on effective internal controls across 18 training modules in 2019 and 2020

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.

Internal Controls is responsible for coordinating the design, implementation, and maintenance of an effective system of internal controls and internal auditing for all executive agencies in order to safeguard public funds and assets and minimize incidences of fraud, waste, and abuse.

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.

Internal controls: Provide consultation, resources, and information to improve the system of internal controls across state government. This includes coordinating requirements for agencies to document controls and risks through annual self-assessment, monitoring of audit findings and corrective actions, and leading internal control roundtable conversations and trainings.

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 2020 compared to July 2022. In 2021, S&P Global affirmed the AAA and assigned a stable outlook to the rating. In 2022, Moody’s upgraded the state’s rating from Aa1 to Aaa.</p> <ul style="list-style-type: none"> • Moody’s • S&P Global • Fitch 	<p>Aa1 (stable) AAA (negative) AAA (stable)</p>	<p>Aaa (stable) AAA (stable) AAA (stable)</p>	<p>July 2020, July 2022</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>2.27% 3.57% 42.2%/74.0%</p>	<p>2.20% 3.60% 42.2%/74.3 %</p>	<p>February 2020, February 2022 June 30, 2020, June 30, 2022</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 matched the index</p>	<p>The state’s interest rates were slightly higher than the index (2.2%)</p>	<p>August 2020, August 2022</p>
Quality	<p>Percent of agency heads that submitted the annual internal control certification</p>	<p>98.7%</p>	<p>100%</p>	<p>FY2020, FY2021</p>

Minnesota Statutes, Chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB’s Debt Management and Internal Control activities.

Debt Management and Internal Controls

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	580	612	601	609	605	605
Total	580	612	601	609	605	605
Biennial Change				19		0
Biennial % Change				2		(0)
<u>Expenditures by Category</u>						
Compensation	569	603	578	575	575	575
Operating Expenses	11	8	23	34	30	30
Total	580	612	601	609	605	605
<u>Full-Time Equivalents</u>						
	3.98	4.00	3.70	3.70	3.70	3.70

Debt Management and Internal Controls

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In	0	4		4		
Direct Appropriation	570	611	605	605	605	605
Transfers In	9					
Transfers Out		3				
Balance Forward Out			4			
Expenditures	580	612	601	609	605	605
Biennial Change in Expenditures				19		0
Biennial % Change in Expenditures				2		(0)
Full-Time Equivalents	3.98	4.00	3.70	3.70	3.70	3.70

Program: Statewide Services**Activity: Enterprise Employee Resources**<https://www.mn.gov/mmb/>

AT A GLANCE

- Supported an increasingly diverse workforce and inclusive culture through enhanced training, employee engagement, evidence-based retention strategies, and enhanced communications
- Provided support and guidance to agency human resource and labor relations, with an emphasis on workforce planning strategies, recruiting and compensation assistance in a challenging labor market
- Supported employee development and career advancement with targeted programs for supervisors, managers, emerging leaders, and senior leaders
- Substantially increased access to diversity and inclusion training for all employees, including supervisors and managers
- Substantially increased access to employee development resources for 10,000 employees via LinkedIn Learning
- Negotiated ten labor agreements covering 35,000 employees in 2021 through 2022
- Completed the second bi-annual enterprise employee engagement and inclusion surveys and follow-up activities
- Continued guidance to agencies in response to the COVID-19 pandemic, including guidance on relevant policies, paid employee leave, 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 Employee Resources (EER) includes Statewide Human Resources Management, Labor Relations, Enterprise Talent Development, Classification and Compensation, Employee Experience, and the Office of Inclusion.

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. Enterprise Talent Development delivers training and development courses to sharpen employee skills in current roles, develop potential for advancement, and elevate leadership effectiveness. Classification and Compensation supports agency human resources teams and the collective bargaining process by providing guidance and review of employee classification and compensation questions, including job audits and providing workforce data. They also support the external pay equity process. Employee Experience is responsible for creating strategies that can be used across the enterprise to recruit, engage and retain employees. The Office of Inclusion leads the crucial work of advancing equity and inclusion practices within statewide human resource policies and operations.

Our service population and clientele include the state's 35,000 employees throughout the executive branch. We also serve human resources, supervisory, and managerial staff in over 100 state agencies, boards, and commissions.

SERVICES PROVIDED

- 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.
- Design and deliver learning initiatives to sharpen skills in current roles, develop advancement potential and elevate leadership effectiveness. Enhance leadership effectiveness in a collaborative, hybrid, or virtual work environment.
- Provide diversity, equity, and inclusion learning opportunities that encourage conversations, foster a more respectful work environment, and promote an anti-racism culture.
- Manage enterprise-wide classification system with over 1,800 job classifications, coordinating class studies and creating new classes/career paths as dictated by agency or enterprise needs.
- Develop and maintain job audit resources to assist Human Resources staff in appropriately describing work and selecting candidates.
- Continuous evaluation of and adjustments to employee compensation, driven by data and analysis of recruiting, retention, turnover, and market data.
- Evaluate HR data and create data visualization tools to assist agency HR partners and other agency leaders in making strategic decisions related to employee staffing and engagement.
- Work closely with 3,000 local jurisdictions annually to review pay equity and develop solutions to address identified issues.
- Represent the state in negotiations and contract mediation for collective bargaining agreements, including 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, including representation of the State in grievance mediation, arbitrations, and settlement negotiations.
- Provide employee training on topics such as labor relations concepts, grievance processing, discipline and discharge, and investigations.
- Advance equity and inclusion practices within statewide human resource policies and operations.
- Support state agency leadership and staff who are charged with carrying out essential responsibilities in the areas of diversity and inclusion, equal employment opportunity, affirmative action, the Americans with Disabilities Act, Olmstead implementation, and elimination of racial disparities in state government through assessments, trainings and coaching, employee resource groups, and other organizational design and change management tools.
- Coordinate the work of the state agency Diversity, Equity and Inclusion Liaisons to create department equity change plans and an enterprise-wide strategic equity plan.
- Lead the One Minnesota Council and staff the Community Council, with a focus on the development and implementation of state enterprise strategies to achieve the goals of hiring and retaining a diverse workforce and advancing racial equity throughout state government employment and contracting practices.
- Develop evidence-based recruitment, engagement, and retention initiatives for deployment across the enterprise.
- Create recruitment initiatives that are community-based, resulting in more diverse applicant pools.
- Develop programs aimed at enhanced employee retention, including mentoring and career advancement.

- Support the work of eight enterprise Employee Resource Groups that offer programming and dialogue opportunities for diverse, under-represented and marginalized employee groups.
- Redesign processes such as employee onboarding to be focused on ongoing engagement, as well as diversity, equity and inclusion.
- Host the recruitment community of practice and agency engagement and inclusion champions to support the work being conducted in individual agencies.
- Coordinate three pipeline programs in partnership with the cities of St. Paul and Minneapolis.

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. Current Staffing: <ul style="list-style-type: none"> • Females • BIPOC • Individuals with disabilities • Veterans 	50.3% 14.4% 7.4% 7.4%	50.3% 15.1% 9.5% 7.2%	FY 2020, FY 2022
Quantity	New Hires, by Protected Group <ul style="list-style-type: none"> • BIPOC • Individuals with Disabilities • Veterans 	18.5% 8.5% 6.7%	18.7% 11.7% 7.2%	FY 2019, FY 2021
Quantity	Number of diversity and inclusion training courses offered by Enterprise Talent Development and completed by state employees	7,151	16,517	FY 2021, FY 2022
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	88.9 %	90.79%	FY 2019 FY 2020
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%	90%	2020, 2022

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 Employee Relations activities.

Enterprise Employee Resources

Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	3,696	4,038	4,782	5,014	4,898	4,898
2001 - Other Misc Special Revenue	1,628	1,021	886	1,757	1,687	1,687
5200 - Management Analysis	3,845	2,664	2,595	3,511	3,511	3,511
6000 - Miscellaneous Agency			25	26	4	4
Total	9,169	7,723	8,288	10,308	10,100	10,100
Biennial Change				1,704		1,604
Biennial % Change				10		9

Expenditures by Category

Compensation	5,710	5,649	6,361	6,563	6,563	6,563
Operating Expenses	3,357	2,073	1,884	3,702	3,516	3,516
Grants, Aids and Subsidies	10		25	26	4	4
Other Financial Transaction	92	0	19	17	17	17
Total	9,169	7,723	8,288	10,308	10,100	10,100

Total Agency Expenditures	9,169	7,723	8,288	10,308	10,100	10,100
Internal Billing Expenditures	75	117	113	128	128	128
Expenditures Less Internal Billing	9,095	7,606	8,176	10,180	9,972	9,972

Full-Time Equivalent

	49.90	48.49	51.98	51.98	51.98	51.98
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Enterprise Employee Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		195		116		
Direct Appropriation	3,889	4,261	4,898	4,898	4,898	4,898
Transfers In		137				
Transfers Out		554				
Balance Forward Out	193		116			
Expenditures	3,696	4,038	4,782	5,014	4,898	4,898
Biennial Change in Expenditures				2,062		0
Biennial % Change in Expenditures				27		0
Full-Time Equivalents	31.04	30.47	35.41	35.41	35.41	35.41

2001 - Other Misc Special Revenue

Balance Forward In	378	151	113	180	93	76
Receipts	1,400	885	953	1,670	1,670	1,670
Balance Forward Out	150	15	180	93	76	59
Expenditures	1,628	1,021	886	1,757	1,687	1,687
Biennial Change in Expenditures				(5)		731
Biennial % Change in Expenditures				(0)		28
Full-Time Equivalents	3.91	4.06	2.77	2.77	2.77	2.77

5200 - Management Analysis

Balance Forward In	2,686	924	289			
Receipts	1,353	2,029	2,306	3,511	3,511	3,511
Balance Forward Out	193	289				
Expenditures	3,845	2,664	2,595	3,511	3,511	3,511
Biennial Change in Expenditures				(403)		916
Biennial % Change in Expenditures				(6)		15
Full-Time Equivalents	14.95	13.96	13.80	13.80	13.80	13.80

6000 - Miscellaneous Agency

Balance Forward In	46	46	46	22		
Receipts			0	4	4	4
Balance Forward Out	46	46	22			
Expenditures			25	26	4	4

Enterprise Employee Resources

Activity Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY20	FY21	FY22	FY23	FY24	FY25
Biennial Change in Expenditures				51		(43)
Biennial % Change in Expenditures						(84)

Program: Statewide Services**Activity: Agency Administration**<https://www.mn.gov/mmb/>

AT A GLANCE

- Provided oversight and managed processes and transactions totaling \$2.8 billion in operating, non-operating, and debt service expenditures in FY 2020 and FY2021
- Manage and ensure the consistent operation of seven enterprise IT systems annually
- Through a shared service model with Department of Administration, provide Human Resources management for over 274 MMB employees.
- Provide nearly \$532,000 through annual payroll deductions from State of Minnesota employees to Minnesota charitable organizations in the Combined Charities Campaign

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, the Legislature, and the public, including legislative and intergovernmental affairs, legal services, the administration of the Minnesota Children's Cabinet, and the Combined Charities Campaign. Additionally, the Agency Administration activity oversees the operations of the seven 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 274 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.
- Manage the publication of several high-profile documents, including the Governor's Biennial Budget, Budget and Economic Forecasts, and the state's Annual Comprehensive Financial Report (ACFR).
- 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 the strategic direction and overall business technology roadmap in support of state agencies in all three branches of government to conduct their essential daily business functions.
- Support the administration and management of Minnesota's Children's Cabinet, an interagency partnership charged with aligning state systems and services for children and families, including coordination of policy and administrative strategies, convening leadership, and engaging state and external stakeholders.

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	18%	19%	2020, 2022
Quality	Percent of MMB staff who self-report as having a disability	9%	10%	2020, 2022
Quality	Percent of MMB staff retained for at least two years	89%	85%	2019, 2022
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)	87% 75% N/A 81%	88% 60% 87%	2019, 2021

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	10,697	11,038	10,289	11,673	11,427	11,427
2000 - Restrict Misc Special Revenue	72	9	443	375	27	27
2001 - Other Misc Special Revenue	16,283	11,994	12,657	17,742	16,801	16,801
2403 - Gift			1	100	75	75
3010 - Coronavirus Relief	505	522	62			
3015 - ARP-State Fiscal Recovery			1,606	5,772		
Total	27,557	23,563	25,058	35,662	28,330	28,330
Biennial Change				9,600		(4,060)
Biennial % Change				19		(7)

Expenditures by Category

Compensation	5,337	6,014	6,184	6,678	5,730	5,729
Operating Expenses	22,180	17,577	18,827	28,933	22,549	22,550
Capital Outlay-Real Property	0					
Other Financial Transaction	39	(28)	47	51	51	51
Total	27,557	23,563	25,058	35,662	28,330	28,330

Total Agency Expenditures	27,557	23,563	25,058	35,662	28,330	28,330
Internal Billing Expenditures	174	181	409	493	450	450
Expenditures Less Internal Billing	27,383	23,382	24,649	35,169	27,880	27,880

Full-Time Equivalent

	46.28	50.46	50.79	50.79	47.22	47.22
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Agency Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
1000 - General						
Balance Forward In		202		585		
Direct Appropriation	10,862	11,281	11,607	12,028	12,028	12,028
Transfers In		1,667				
Transfers Out	28	701	733	940	601	601
Cancellations	0	1,410				
Balance Forward Out	137		585			
Expenditures	10,697	11,038	10,289	11,673	11,427	11,427
Biennial Change in Expenditures				227		892
Biennial % Change in Expenditures				1		4
Full-Time Equivalents	17.51	19.39	18.98	18.98	18.98	18.98

2000 - Restrict Misc Special Revenue

Balance Forward In	13	15	13	9	9	9
Receipts	74	7	440	375	27	27
Balance Forward Out	15	13	9	9	9	9
Expenditures	72	9	443	375	27	27
Biennial Change in Expenditures				738		(764)
Biennial % Change in Expenditures				918		(93)
Full-Time Equivalents			0.58	0.58	0.01	0.01

2001 - Other Misc Special Revenue

Balance Forward In	7,802	5,624	4,875	4,134	3,194	3,193
Receipts	11,994	11,596	11,916	16,800	16,800	16,800
Transfers In				2		
Transfers Out	450	150				
Balance Forward Out	3,063	5,077	4,133	3,194	3,193	3,192
Expenditures	16,283	11,994	12,657	17,742	16,801	16,801
Biennial Change in Expenditures				2,122		3,203
Biennial % Change in Expenditures				8		11
Full-Time Equivalents	28.77	27.89	28.23	28.23	28.23	28.23

2403 - Gift

Balance Forward In				74	74	74
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Agency Administration

Activity Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
Receipts			75	75	75	75
Transfers In				25		
Balance Forward Out			74	74	74	74
Expenditures			1	100	75	75
Biennial Change in Expenditures				101		49
Biennial % Change in Expenditures						49

3010 - Coronavirus Relief

Balance Forward In			93			
Direct Appropriation	525	615				
Cancellations	19		30			
Balance Forward Out		93				
Expenditures	505	522	62			
Biennial Change in Expenditures				(965)		(62)
Biennial % Change in Expenditures				(94)		
Full-Time Equivalents		3.18				

3015 - ARP-State Fiscal Recovery

Balance Forward In				2,119		
Direct Appropriation			5,135	3,653	0	0
Cancellations			1,410			
Balance Forward Out			2,119			
Expenditures			1,606	5,772		
Biennial Change in Expenditures				7,378		(7,378)
Biennial % Change in Expenditures						(100)
Full-Time Equivalents			3.00	3.00		

Program: Statewide Services**Activity: Enterprise Communications and Planning**<https://www.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
- Provided over 18,000 hours of consulting services on 146 projects for 39 client agencies in fiscal year 2021
- 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 three 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, and Communications.

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 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>
Results	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	97%	100%	FY 2020, FY 2021
Quantity	Demand for Management Analysis and Development services <ul style="list-style-type: none"> • Total consulting hours • Number of projects • Number of agencies served 	18,000 140 41	18,350 146 39	FY 2020, FY 2021
Quality	Percent of continuity of operations plans refreshed annually	100%	100%	CY 2020, CY 2021
Quality	Percent of continuity exercises completed according to schedule (agency and enterprise)	100%	100%	CY 2020, CY 2021
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.	69%	62%	FY 2020, FY 2021

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 FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
1000 - General	1,216	841	1,010	946	946	946
5200 - Management Analysis	8,484	7,278	8,788	10,001	10,001	10,001
Total	9,700	8,119	9,798	10,947	10,947	10,947
Biennial Change				2,926		1,149
Biennial % Change				16		6
<u>Expenditures by Category</u>						
Compensation	3,529	3,244	3,474	3,309	3,309	3,309
Operating Expenses	6,007	4,784	6,320	7,637	7,637	7,637
Capital Outlay-Real Property	79					
Other Financial Transaction	86	92	5	1	1	1
Total	9,700	8,119	9,798	10,947	10,947	10,947
Total Agency Expenditures	9,700	8,119	9,798	10,947	10,947	10,947
Internal Billing Expenditures			104	115	115	115
Expenditures Less Internal Billing	9,700	8,119	9,694	10,832	10,832	10,832
<u>Full-Time Equivalent</u>	29.37	26.19	26.49	26.49	26.49	26.49

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25	
1000 - General						
Balance Forward In	0	2				
Direct Appropriation	1,045	865	942	942	942	942
Transfers In	171		67	4	4	4
Transfers Out		26				
Expenditures	1,216	841	1,010	946	946	946
Biennial Change in Expenditures				(101)		(64)
Biennial % Change in Expenditures				(5)		(3)
Full-Time Equivalents	9.20	6.31	6.23	6.23	6.23	6.23

5200 - Management Analysis

Balance Forward In	1,617	1,682	1,886	2,124	2,123	2,122
Receipts	8,375	7,423	9,027	10,000	10,000	10,000
Balance Forward Out	1,507	1,826	2,124	2,123	2,122	2,121
Expenditures	8,484	7,278	8,788	10,001	10,001	10,001
Biennial Change in Expenditures				3,027		1,213
Biennial % Change in Expenditures				19		6
Full-Time Equivalents	20.17	19.88	20.26	20.26	20.26	20.26

Program: Employee Insurance<https://mn.gov/mmb/segip/>**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.
- Innovative tiered benefit design encourages members to use the most efficient health care providers. In 2022, 91.4% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels.
- 7,629 state employees or adult family members lost more than 60,400 pounds through an innovative diabetes prevention program between the program launch in calendar year 2015 through 2021.
- Collected \$1.12 billion in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups in fiscal year 2021.
- Health insurance accounted for approximately 90% of expenses in fiscal year 2021, while all other benefits combined accounted for the remaining 10%.
- Public Employees Insurance Program (PEIP) provides insurance benefits to 46,000 active employees, dependents, and retirees in 382 public sector employer groups (127 school districts, 153 cities and townships, 18 counties, and 84 other local units of government)
- COVID-19 has had several enduring effects on SEGIP and PEIP. Medical utilization and claims costs have returned approximately to pre-pandemic trends, but the proportion of that care provided through virtual care or telehealth has greatly increased, particularly for behavioral health. Federal coverage of COVID-19 testing and vaccination is expected to eventually end and SEGIP will assume responsibility for those costs.

PURPOSE AND CONTEXT

Minnesota Management and Budget administers two distinct programs, the State Employee Group Insurance Program (SEGIP), and the Public Employees Insurance Program (PEIP), both are under the legislative authority provided in Minnesota Statutes 43A.

The State Employee Group Insurance Program (SEGIP) offers a set of comprehensive insurance benefits to ensure the State of Minnesota, Minnesota State Colleges and Universities, and certain quasi-state agency employees and their families have access to high-quality services at an affordable cost. These benefits include health, dental, life, and vision, long and short-term disability and pre-tax accounts for medical and dental care, dependent care, and transit expenses. The benefits also feature initiatives that promote employee health and well-being including an Employee Assistance Program that provides confidential counseling and daily life concierge services designed to help balance work/life responsibilities. Insurance benefits and employee well-being are valuable components of compensation that helps the state attract and retain a talented workforce while keeping employees and their families healthy.

The Public Employees Insurance Program (PEIP) provides voluntary health, dental, and life insurance benefits to employees of local units of government and their families. PEIP provides public employers access to a high-quality, cost-effective benefits package that will attract and retain outstanding employees and help contain costs.

Minnesota Management and Budget is one of Minnesota’s largest employer purchaser of health care. Together, SEGIP and PEIP use purchasing strategies designed to contain cost and provide access to high quality care to employees and their family members.

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 through cost sharing 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. SEGIP and PEIP’s tiered network allows for 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, 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 well-being, which supports employee recruitment and retention efforts and population health. SEGIP’s well-being program 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 and management 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 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. Advantage Value for Diabetes encourages members to receive appropriate care to manage their diabetes to help prevent or delay the onset of costly complications. The AVD pilot began January 1, 2018.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Measure, Period</i>	<i>Current Measure, Period</i>
Quality	Percent of SEGIP medical expenditures made through value-based payment methods	56.4% (2019)	54.4% (2021)
Quality	Percent of SEGIP plan participants enrolled in primary care clinics at the two lowest cost levels	90.9% (2021)	91.4% (2022)
Results	Cumulative number of SEGIP prediabetes program participants who have reduced their risk by 50% or more	2,132 (2015 – 2019)	2,231 (2015 – 2021)

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous Measure, Period</i>	<i>Current Measure, Period</i>
Results	PEIP net medical claims cost (per member per month) growth per measurement period. PEIP's goal is for these costs to trend closely to SEGIP's <ul style="list-style-type: none"> • PEIP • SEGIP 	-2.54% (07/01/19 – 06/30/20)	9.61% (07/01/20 – 06/30/21)
		-5.92% (07/01/19 – 06/30/20)	9.85% (07/01/20 – 06/30/21)

Minnesota Statutes, Chapter 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provides the legal authority for the State Employee Group Insurance Program and the Public Employees Insurance Program.

Employee Insurance

Program Expenditure Overview

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
<u>Expenditures by Fund</u>						
4700 - Public Employees Insurance	261,930	327,601	348,463	350,727	350,727	350,727
5600 - State Employees Insurance	974,050	1,032,769	1,090,677	1,120,081	1,121,235	1,121,735
6000 - Miscellaneous Agency	37,159	38,680	38,972	41,385	41,385	41,385
Total	1,273,139	1,399,051	1,478,113	1,512,193	1,513,347	1,513,847
Biennial Change				318,116		36,888
Biennial % Change				12		1

Expenditures by Activity

State Employee Group Ins Pgrm	1,011,209	1,071,449	1,129,650	1,161,466	1,162,620	1,163,120
Public Employees Insurance Pgrm	261,930	327,601	348,463	350,727	350,727	350,727
Total	1,273,139	1,399,051	1,478,113	1,512,193	1,513,347	1,513,847

Expenditures by Category

Compensation	4,812	4,912	5,244	5,201	5,201	5,201
Operating Expenses	1,268,327	1,394,137	1,472,869	1,506,901	1,508,138	1,508,638
Other Financial Transaction	0	2	0	91	8	8
Total	1,273,139	1,399,051	1,478,113	1,512,193	1,513,347	1,513,847

Total Agency Expenditures	1,273,139	1,399,051	1,478,113	1,512,193	1,513,347	1,513,847
Internal Billing Expenditures	227	225	279	286	286	286
Expenditures Less Internal Billing	1,272,912	1,398,826	1,477,834	1,511,907	1,513,061	1,513,561

Full-Time Equivalent

	45.48	45.51	46.57	46.57	46.57	46.57
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Employee Insurance

Program Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base	
					FY24	FY25
4700 - Public Employees Insurance						
Balance Forward In	81,810	93,297	95,180	80,729	61,574	42,419
Receipts	273,278	329,336	334,013	331,572	331,572	331,572
Balance Forward Out	93,158	95,032	80,729	61,574	42,419	23,264
Expenditures	261,930	327,601	348,463	350,727	350,727	350,727
Biennial Change in Expenditures				109,659		2,264
Biennial % Change in Expenditures				19		0
Full-Time Equivalents	1.71	1.80	1.81	1.81	1.81	1.81

5600 - State Employees Insurance

Balance Forward In	295,071	391,279	479,401	435,004	513,570	590,982
Receipts	1,068,608	1,119,872	1,046,336	1,198,647	1,198,647	1,198,647
Transfers In	20,256	2,432	14,939	7,531	2,531	2,531
Transfers Out	20,284	2,467	14,995	7,531	2,531	2,531
Balance Forward Out	389,601	478,347	435,004	513,570	590,982	667,894
Expenditures	974,050	1,032,769	1,090,677	1,120,081	1,121,235	1,121,735
Biennial Change in Expenditures				203,939		32,212
Biennial % Change in Expenditures				10		1
Full-Time Equivalents	43.77	43.71	44.76	44.76	44.76	44.76

6000 - Miscellaneous Agency

Balance Forward In	8,159	10,312	9,773	10,467	7,499	5,916
Receipts	39,312	38,141	39,666	38,417	39,802	39,802
Balance Forward Out	10,312	9,773	10,467	7,499	5,916	4,333
Expenditures	37,159	38,680	38,972	41,385	41,385	41,385
Biennial Change in Expenditures				4,519		2,413
Biennial % Change in Expenditures				6		3