

GUIDE TO

MINNESOTA

*Department of
Finance*

1999

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November 1998

Minnesota Department of Finance

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

November 4, 1998

To the Incoming Administration:

Between now and January, preparing the state's FY 2000-01 budget will be a challenge. To a large degree the budget will likely define your administration and determine the future course of state finances during your term.

The circumstances are dramatically different than eight years ago when I assumed office. Facing a \$1.8 billion deficit required immediate action and difficult choices. Our efforts were directed to erasing the deficit, controlling state spending and not on burdening the state with new programs. From the beginning our goals were clear: restore the state's AAA bond rating, maintain spending below the rate of growth in personal income, provide for adequate budget reserves, return money to taxpayers and ensure the state's long-term fiscal stability.

These goals have been met. Funding for the highest priority state programs have grown -- while limiting overall spending growth. The "price of government" for Minnesota citizens and taxpayers has continued to decline over recent years. The major portion of recent state surpluses has been returned to taxpayers in the form of both tax rebates and permanent tax reductions. Today Minnesota continues to enjoy strong economic growth, state finances are sound, there are adequate reserves to deal with economic uncertainty and there is a balanced budget outlook for the next two years.

The choices, however, will still remain difficult. Demands for increased spending in major state programs must compete with equally strong taxpayer demands for expanded, permanent tax relief.

As a result of our efforts and a strong state economy, the national rating agencies restored Minnesota's AAA bond rating, which had been lost in the early 1980's. Minnesota is one of only nine states to be rated AAA by all three bond rating services.

Last month, the three major rating agencies again confirmed the highest possible credit rating. Uniformly, the key factors in the rating agencies' outlook for Minnesota recognize the extent to which the state has balanced ongoing spending demands with the need to maintain structural balance and adequate budgetary reserves. Limits on spending growth, conservative fiscal policies, strong financial management systems and comprehensive financial planning are identified as key factors contributing to the state's high ranking. Standard & Poors analysis is most direct in that it "...expects that future administrations and legislatures will strive to continue the state's prudent financial management practices."

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Their comments define an agenda critical to Minnesota's future. The financial reforms of the last eight years have left a solid base upon which to build. The challenge is to maintain a strong commitment to prudent financial management. I wish you the best in your efforts.

Warmest regards,

A handwritten signature in black ink that reads "Arne H. Carlson". The signature is written in a cursive, slightly slanted style.

ARNE H. CARLSON
Governor



State of Minnesota
Department of Finance

400 Centennial Building
658 Cedar Street
St. Paul, Minnesota 55155
Voice: (612) 296-5900
Fax: (612) 296-8685
TTY: 1-800-627-3529

November 4, 1998

To the Incoming Administration

Congratulations on your new leadership position in state government. Unfortunately, as you will discover, the state budget does not come with an "owners manual." The Governor's agenda will, for the most part, define daily issues and future challenges. As the Chief Financial Officer of the state, you will be responsible for overseeing a two-year state operating budget totaling almost \$34 billion -- easily the equivalent of a major Fortune 500 company.

There are no simple definitions of what constitutes success in this office. Generally, success will mean delivering a state budget that meets critical state programmatic objectives. But budget success also requires careful consideration of long term program and financial issues, a clear understanding of the impact of business cycles on the state budget, careful consideration of financial constraints that will affect major budget and financial decisions, as well as effective negotiating tactics to get the budget adopted.

The Department of Finance is unique in its role in state government. In addition to preparing the Governor's budget, the department also serves the Legislature in providing objective economic and budget forecasts, financial information and analyses. You will also find that few persons outside of government fully appreciate the size and complexity of state government programs and the volume of daily business transactions related to state operations and grant programs. And, unlike the private sector, every state expenditure is subject to scrutiny by the Legislature, media and public.

During the last eight years, the department's efforts to improve state financial information and management practices, focus on long-range planning of state finances and increase accountability for public sector spending have had significant results. The state's twenty year-old administrative systems for accounting, procurement, payroll and human resources management have been replaced with information technology that will allow you to meet needs for improved financial management information and increasingly complex business processing requirements.

The department has long enjoyed a national reputation for excellence in financial management. You will quickly find that the department's staff are dedicated, professional individuals committed to responsive, effective and efficient government. I am certain that you will find their expertise comforting - and their advice useful - as you assume your new duties.

Sincerely,

A handwritten signature in cursive script that reads "Wayne Simoneau".

Wayne Simoneau
Commissioner of Finance

HISTORY

The Department of Finance has a relatively short history as a separate state agency. In 1973, under Governor Wendell Anderson, the Department of Finance was created to consolidate and modernize the financial management functions of state government. It was the outgrowth of a series of recommendations by the Loaned Executive Assistance Program (LEAP) which was convened in the early 1970s to review various areas of state government. The new Department consolidated functions from the State Auditor's Office, The Department of Administration and the Public Examiners Office. The Commissioner of Finance was designated the "state's chief accounting officer, the principal financial officer and the state controller".

The creation of the department consolidated the State's accounting, payroll, financial reporting, budgeting, forecasting, and debt management functions within one state agency. It also marked the introduction of a new statewide computerized accounting and payroll system, which modernized the state's accounting and financial management practices.

With minor changes, the department has operated under essentially the same organizational structure over the last twenty-

five years. There have been eleven Commissioners during that time. During the same period, Minnesota's general fund budget has grown from \$1.5 billion in F.Y. 1973 to nearly \$11.4 billion for the current year.

Five years ago, the Departments of Finance, Administration and Employee Relations jointly initiated rebuilding the state's twenty-year-old accounting, payroll, procurement and personnel information systems to improve financial control and management reporting, eliminate paper flows, and to use current technology to better serve the state's citizens and business partners. This \$36 million project resulted in the statewide administrative systems, which went into operation on July 1, 1995.

An Information Services Division was created in 1994 and technical support for operation of the new systems was consolidated within the Department of Finance. Finally, the Accounting Services Division was recognized during 1995 as part of the implementation of the new systems. An Agency Assistance Unit was created to help agencies make the most efficient use of the systems and an Internal Control Unit was formed to ensure the adequacy of both statewide and state agencies' internal financial controls.

MISSION AND VISION

Minnesota Statutes, Chapter 16A gives the Department of Finance responsibility for “*managing the financial affairs of the state.*” Within this broadest of charges, the department defines its vision by adding to it “*improving the performance of state government by providing leadership in statewide financial planning and financial resource management.*” There are five major goals that span all department activities:

- ◆ Ensure the *integrity* of the state's financial resources;
- ◆ Provide statewide governmental financial management *leadership*;
- ◆ *Accurately* present the state’s financial condition;
- ◆ Facilitate *informed decision making*; and
- ◆ Improve *accountability* and promote the prudent use of state resources.

The Department of Finance provides central direction to the state’s financial management processes in order to ensure consistency, continuity, legal compliance and financial integrity. Core functions support both the policy making process and the management of state operations. These core functions are:

- ◆ Managing State business processes and systems;
- ◆ Providing access to financial and program information; and
- ◆ Providing analysis and consulting.

These functions support daily operating goals:

- ⇒ Providing consistent, accurate, reliable and useful financial information;

- ⇒ Administering business processes supported by cost effective, flexible systems;
- ⇒ Improving access to financial and program information by managers and the public;
- ⇒ Advancing statewide information management techniques and technologies;
- ⇒ Ensuring state employees are trained and informed in state business practices, and
- ⇒ Performing critical thinking about the use of public resources.

OUR CUSTOMERS

The department serves a varied customer base. State agencies and entities are the primary customers of the business processes and systems managed for daily operations: accounting, payroll, procurement, human resources. State employees, vendors, individuals, school districts and local governments receive payments through these business systems.

The information management and analysis functions provide information not only to state agencies, but also the Governor and executive branch management, the Legislature and its staff, governmental and non-governmental organizations, the media, and the public.

The department has established regular and widespread public reporting of Minnesota’s financial status through understandable reporting of financial forecasts, budget projections, executive budget summaries, adopted budget summaries, and quarterly economic updates.

CRITICAL SUCCESS FACTORS

Credibility and *usefulness* of information, analyses, and business systems that the department provides are critical success factors. That success is measured by the quality of the products and how well they meet user needs. When the department is successful, its products and processes are providing the *right information, to the right people, in the right form, at the right time.*

Financial management improvements are generally not “quick fixes”. Finance can provide policy guidance, help remove obstacles, and encourage inter-agency sharing of promising practices, but the actions of state agencies, the executive branch and the Legislature continue to be key to fulfilling the vision of the department.

The department’s financial management leadership has resulted in recognition such as the Certificate of Excellence in Financial Reporting, has contributed to restoration of the State’s AAA bond ratings, and led to Minnesota’s national ranking in 1995 as 4th best managed state by *Financial World* magazine.

HOW WE ARE ORGANIZED

The Finance Department is organized into five divisions, roughly paralleling the way the state budget is developed and executed.

Economic Analysis staff prepare the financial forecasts that begin the budget deliberations, both in the Executive Branch and the Legislature.

The **Budget Division** supports both branches by coordinating the development of the Governor's operating and capital budgets and working with the various legislative committees in their deliberations. It also prepares financial analyses, coordinates fiscal notes and advises agencies on financial management policies.

Once the budget is passed, the **Accounting Division** helps agencies manage their financial activities. They administer the accounting and payroll systems and report on the state's financial condition.

The **Information Services Division** is responsible for operating the statewide administrative systems. It also manages the Information Access data warehouse for agencies' financial management reporting during the year.

Finally, the **Management Services Division** is, in part, responsible for managing the state's general obligation debt. It determines the size and timing of each bond sale and estimate funding needed to repay investors. It also provides the department's internal management support.

SCOPE OF STATE FINANCES

Two Year Budget:

\$21.5 billion general fund
\$33.8 billion all funds

80% paid to schools, individuals, and local governments

Annual Business Processes:

140 State Agencies
47,500 Employees paid bi-weekly

4.5 million expenditure transactions
833,000 cash deposit transactions

1.4 million checks issued
670,000 purchase orders

DEPARTMENT OF FINANCE

400 Centennial Building
658 Cedar Street
Saint Paul, Minnesota 55155

World Wide Web Home Page:
<http://www.finance.state.mn.us>

Wayne Simoneau, Commissioner
Phone: (651) 297-7881 Fax: (651) 296-8685

1. ECONOMIC ANALYSIS DIVISION

Dr. Thomas Stinson, state economist, (651) 297-2799. The division analyzes economic factors as they affect the state's financial affairs. It projects revenues the state can expect to receive, giving decision-makers essential information during the biennial budget process. It monitors the state's revenue position, develops financial forecasts, and provides economic analysis to other units of government. The section publishes forecast summaries in November and February and the *Economic Update* quarterly.

2. BUDGET SERVICES DIVISION

Peggy Ingison, assistant commissioner and state budget director, (651) 296-2438. The division develops the state's biennial and capital budgets. Specialized teams monitor and analyze financial data in specific activities to ensure proper oversight of the state's budget during the biennium. The division also produces statewide reporting for budget planning and management purposes, as well as reporting on fees and full-time equivalent employment data.

Budget Services Teams:

Three teams of executive budget officers advise state agencies, Department of Finance managers, the commissioner, the governor and the legislature on matters relating to fiscal control, program analysis, and proposed legislation. The teams work closely with the legislature, providing information about the governor's budget. Further, the teams' executive budget officers provide independent evaluation, recommendations and program policy analysis to all levels of state government.

Education and Taxes, Stephanie Andrews, team leader, (651) 296-7738.

This team coordinates budget and other financial management issues relating to Family and early childhood education, K-12 Education, the Department of Children, Families and Learning Services (CFL), the higher education systems including the University of Minnesota and MnSCU, as well as state taxes, local aids, and tax policy issues.

Health and Human Services, Jim Schowalter, team leader, (651) 296-5916.

This team coordinates budget and other financial management issues relating to the Department of Human Services, the Department of Health, Health care policy and Minnesota Care, the Department of Employee Relations, public employee retirement associations, pension policy and related and other related agencies and programs.

Physical Development and General Government, David Johnson, team leader, (651) 297-4397. This team coordinates budget and other financial management issues related to corrections and public safety, environmental, economic development, transportation and general government administration including the

Legislature, courts, and constitutional offices.

Budget Planning and Operations, Charlie Bieleck, team leader, (651) 296-4724. This team manages the budget process and compiles information relating to historic, current, and projected revenues and expenditures used to prepare and monitor the state budget.

The *Budget Operations Unit* plans the biennial budget process, manages the fiscal note process, provides direction and coordination to state agencies related to statewide policy and procedures and supports the budget teams. It also develops and controls the statewide indirect cost plan and reviews and approves fees.

The *Budget Research and Planning Unit* develops financial planning information, including long-range projections and identification of budget issues and alternatives. The unit also produces materials that summarize and provide information on the state's budget, fund balance and cash flow.

Other section staff manage the state's capital budget process. Finally, the team members respond to informational inquiries from the executive and legislative branches, the financial community and the general public.

3. ACCOUNTING SERVICES DIVISION

Don Smith, acting assistant commissioner, (651) 296-4061 This division provides accounting and payroll services and establishes appropriate policies and procedures for state agencies. The division also provides support to state agencies in the operation and use of the Minnesota Accounting and Procurement

System (MAPS) and the State Employee Management System (SEMA4).

Agency Support, Mary Bogie, director (651) 282-5068. This section provides support to state agencies in their use of the state's accounting and procurement systems (MAPS) system, which provides the operating and financial base for the state. This section also establishes statewide policies and procedures in the use of the systems. Staff provides assistance to agencies to optimize the use of the systems to meet agency business needs. Staff also provides training in basic and advanced use of the systems. This section is responsible for issuing warrants (checks) to pay state vendors providing services and products to state agencies and maintains the central vendor file.

An *Agency Assistance Unit* oversees establishing annual budget in the accounting system, identifies and records all legislative appropriations, and establishes related statewide policies and procedures.

The unit also provides agency training, documentation, and daily technical assistance to the statewide user community.

Central Payroll, Terry Marvin, acting director, (651) 282-5075. This section manages the paying of all state employees through the state payroll system and provides services to state agencies in their use of the payroll system.

The section also establishes statewide policies and procedures governing use of the system, provides basic and advance training to users as well as assistance in optimizing the system to meet agencies' business needs. The payroll system processes payroll data and issues employee paychecks. This section is also responsible for processing

employee business and relocation reimbursements.

Financial Reporting, Margaret Jenniges, director, (651) 296-5187. The *Financial Reporting Unit* manages the financial reporting process for all state funds in accordance with generally accepted accounting principles. The state's *Comprehensive Annual Financial Report (CAFR)* is prepared and published by this section. The unit provides training on accounting issues and standards. Finally, the unit manages the single audit process for federal programs, publishes the Financial and Compliance Report on Federally Assisted Programs, and oversees state reporting and compliance with the federal Cash Management Improvement Act.

The *Internal Control Unit* is responsible for statewide internal control activities. The unit provides training, reviews adequacy of agencies' internal control systems, recommends necessary improvements, and ensures corrective actions is taken when identified in Legislative Auditor reports.

The *General Ledger Unit* assures integrity of the accounting system by maintaining the chart of accounts, providing system assurance, processing certain types of transactions and reconciling system data at various levels. In addition to defining appropriate state policies, the unit provides related training and maintains the state's fixed asset system.

The *Accounts Receivable Unit* oversees state debt collection by developing policies and procedures to improve debt collection practices within the state. An annual report provides information on current accounts receivable balances and changes in collection practices.

4. INFORMATION SERVICES DIVISION

Michael Ladd, assistant commissioner, Chief Information Officer (CIO), (651) 296-5904. This division is the technical support team for the state's major administrative information systems. These applications are the accounting and procurement system (MAPS), the payroll and human resources system (SEMA4), and the information access system (IA). It also has the responsibility for maintaining the programming and for the daily operation of the systems.

The Information Services division also supports the Biennial Budget System, the Capital Budget System, and the Fiscal Note System. The division supports the department's internal local area network, the department's web site, as well as internal technical training and support functions.

Information Systems, director position vacant. This section is the technical support team for the state's data warehouse, budget information system, department network, and web site.

Information Access Unit, Ellen Schwandt, supervisor (651) 292-5457. This unit develops and manages the state's information warehouse. This data contains on-line financial information produced by the state's business systems, MAPS and SEMA4. This information is used by state agency management and legislative decision-makers to analyze spending, account for state funds and make funding decisions.

Budget Information Systems, James Brewster, supervisor (651) 215-0308. This unit manages three statewide budget information systems that provide on-line budget information to users within the three branches of state government. They are the Biennial Budget System (BBS), the Fiscal Note Tracking System (FNFS) and the Capital Budget System (CBS). These systems provide support for the preparation of agency budgets and Governor's recommendations, and for tracking legislative proposals and appropriations.

Technical Services, Jean Henning, supervisor, (651) 282-2667. The Technical Services unit manages the department's desktop computer resources, administers the local- and wide-area telecommunications (data, audio and video) network connectivity, provides internal personal computer (PC) training and support, and maintains the department's internet web site. It also provides external software, PC, and network services so that agencies can access and use the statewide administrative business systems that the department develops and maintains.

MAPS Systems and Programming, John Chesnutt, director, (651) 282-5487. This section is responsible for the continuing operations of the statewide Minnesota Accounting and Procurement Systems (MAPS). All of the units in this section are staffed with professional programmers and systems analysts.

Accounting Support Unit, Donna Visness, Supervisor, (651) 282-5049 and Procurement Support Unit, Greg Rocheford, Supervisor, (651) 296-1356. Utilizing information obtained from the user community through a variety of work groups, these units provide enhancement services to ensure that the MAPS system

stays current with the needs of the users. In addition to enhancing the system with new features and functionality, these units work together with OSSU (below) to monitor the daily performance of the system to retain a high level of availability.

Operations and System Support Unit (OSSU), Dal Hertz, Supervisor, (651) 296-5908. This unit analyzes any interruptions in the current operating environment and takes appropriate maintenance action. This unit also provides the computer scheduling and related support operations for the state's accounting and purchasing systems.

SEMA4 Payroll Systems and Programming Don Howard, administrative systems supervisor, (651) 297-4396. This section provides the scheduling, related support operations, and systems/programming support for the payroll part of the Statewide HR/Payroll System (SEMA4). The system processes payroll data for all employees of the executive and judicial branches of state government

5. MANAGEMENT SERVICES DIVISION

Peter Sausen, assistant commissioner, (651) 296-8372. Cash and Debt Management coordinates the state's long and short term general obligation debt, including planning and timing of the sale of bonds, preparing the legal documentation, providing information on the sale and conducting the actual sale. Further, the division establishes the state's bank accounts located throughout the state. The division also provides support in capital budgeting and in the administration of school energy loans.

Administrative Services, Gordon Yurich, director, (651) 296-9473. This section provides all internal administrative services to the agency. Services provided are: accounting, payroll, budgeting, training, legislative liaison, procurement, and office management.

TRANSITION ISSUES:

Agency Head Accountability

Appropriations made to state agencies establish upper limits on spending. However, within those limits, *each agency head* is responsible for ensuring that funds are spent appropriately, consistent with legislative intent.

Department of Finance executive budget officers approve agency spending plans in the accounting system to prevent unauthorized transfers or overspending and broadly monitor spending for compliance with legislative direction. Individual purchases, grants and payment transactions (4.5 million annually) cannot be effectively monitored.

Post-audit by the Legislative Auditor determines whether spending was in accordance with legal requirements and state policies. Finally, the Department of Finance ensures that corrective action is taken on all audit findings.

Legal constraints on spending are often broader than an administration's "political" or policy constraints (ex. excessive travel, conferences). A clear expression of agency head financial management accountability, the importance of agencies' internal controls, and any "political" constraints should be communicated to appointees early in the term.

Management Team Roles

The Department of Finance has a unique role in overseeing state agency spending, budget preparation, and advancing the Governor's policy agenda. It has interdepartmental relationships with the Departments of Administration and Employee Relations in operating the

statewide business systems. Cooperative efforts in budget preparation involve the Governor's staff, the Planning Agency and the Department of Revenue and all state agencies. Early, clear definition of roles, responsibilities and authorities is necessary - particularly in the first few months of the administration.

Department Operating Issues:

Staff Recruitment and Retention

Nearly 52 percent of the department's staff have been with the agency three years or less. Part of this is accounted for by the rapid growth associated with the new statewide administrative systems. But a key issue facing the department is recruitment and retention of quality, experienced staff to provide statewide financial management leadership and to maintain the department's complex financial and information management systems.

Strong demand and a tight labor market, particularly for information technology staff and extending to accounting and financial management personnel, presents a continuing management and budget issue.

Keeping Systems Technology Current

With the exception of the statewide telecommunications network, Finance is the only agency responsible for statewide business systems accessed by all state agencies and MnSCU. We are highly dependent on information technology, with systems' operating and maintenance costs amounting to 66 percent of the department's budget.

There is little recognition in the public sector of the need to stay technologically current. Systems support and functionality will require regular, periodic investments to

upgrade state systems to meet both changing business requirements and advancing technology. You will need to consider these issues as you review the department's information systems planning and budget.

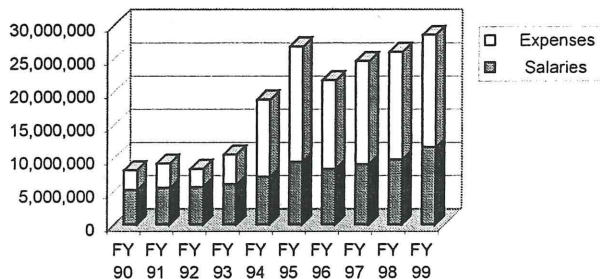
Year 2000 Readiness

The department has acted aggressively to upgrade systems to implement necessary Year 2000 changes. All changes will be tested and completely operational by the end of November, 1998. However, because the accounting and payroll systems interface (exchange data) with 57 separate state agency systems, as well as banks and financial institutions, we will need to continue to work with our business partners to ensure that no disruptions occur.

DEPARTMENT OF FINANCE BUDGET AND STAFFING

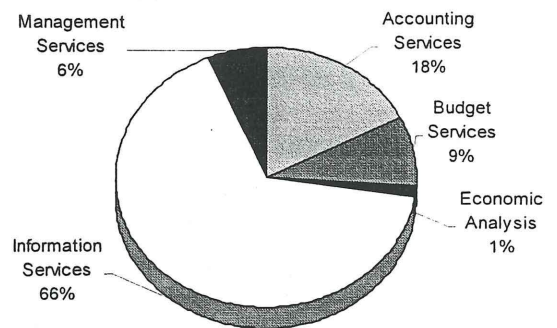
The Department of Finance's budget has grown from \$8.2 million in F.Y. 1990 to \$28.5 million in F.Y. 1999. This increase in expenditures is largely due to the development and implementation of the Statewide Systems Project. The project was an interagency effort to redesign four of the state's major infrastructure systems: accounting, procurement, payroll and human resource management. The new systems became operational in F.Y. 1996. The full operating costs for these systems are now included in the department's budget. The F.Y. 1998-99 budget includes \$6.3 million in one-time spending to bring department systems into year 2000 compliance.

**Department of Finance
Historical Spending**



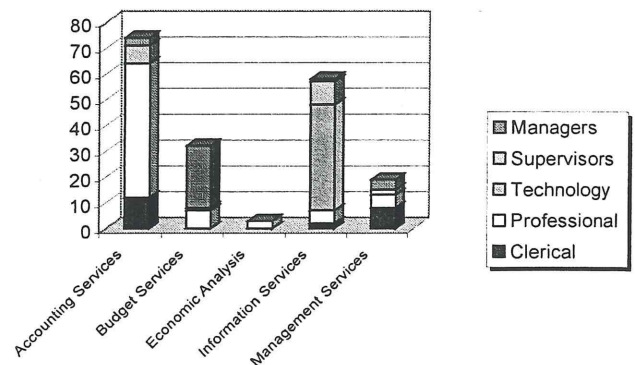
The department is funded by direct general fund appropriations. For F.Y. 1998-99, the legislature chose to fund up to \$6.7 million of the Statewide Systems operating costs through billing of state agencies. Information services is the largest portion of the operating budget (66%) and represents the costs of operating the state administrative system.

**Department of Finance
Division Budgets (Total: \$28.5 million)**

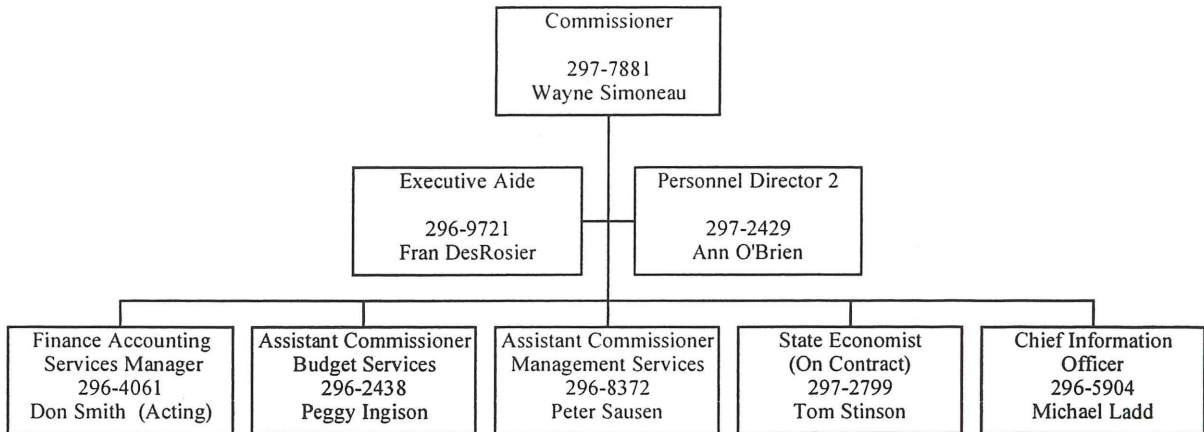


The department had 170 full-time equivalent positions in F.Y. 1998. Figure 3 depicts staffing by bargaining unit. Professional and technology staff represent the largest unit with the majority of professional positions in the Accounting Division, while all technology positions are in the Information Services Division. While the department has 32 managers, this includes the budget division's 16 executive budget officers who act as advisors to the governor, legislature and state agencies.

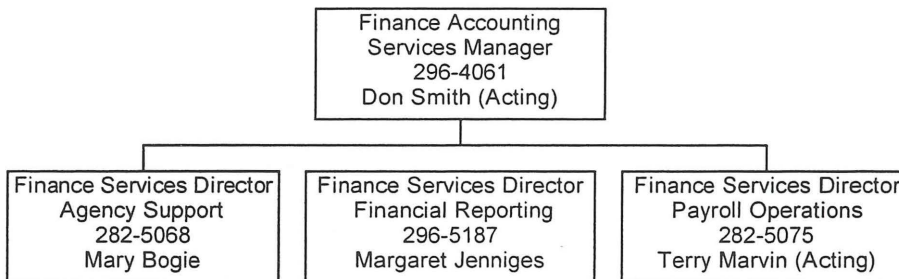
Staffing by Bargaining Unit



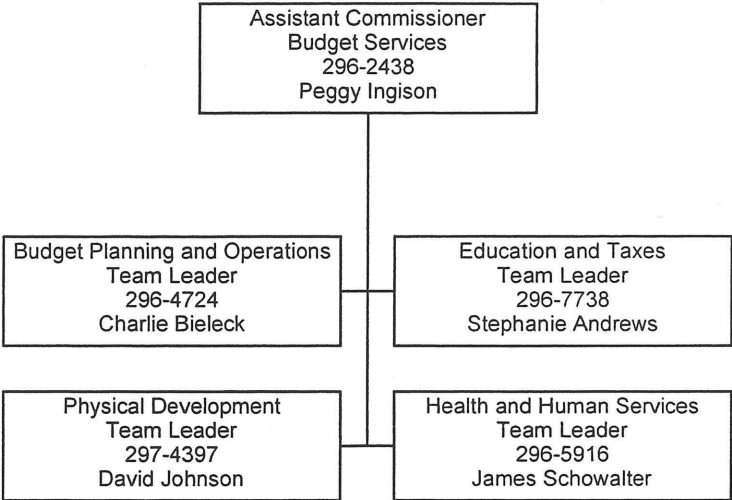
Commissioner's Office



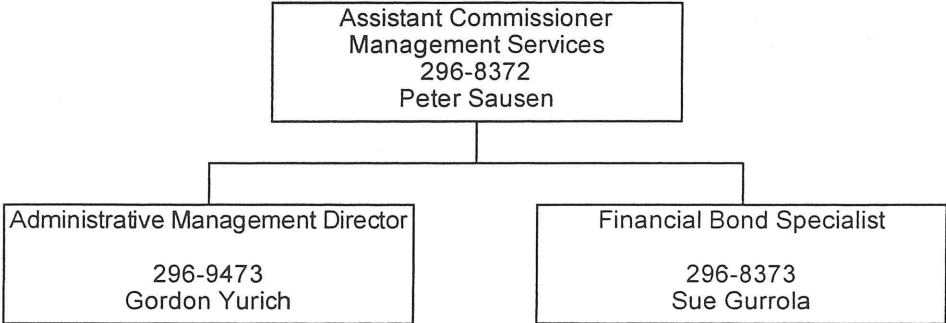
Accounting Services



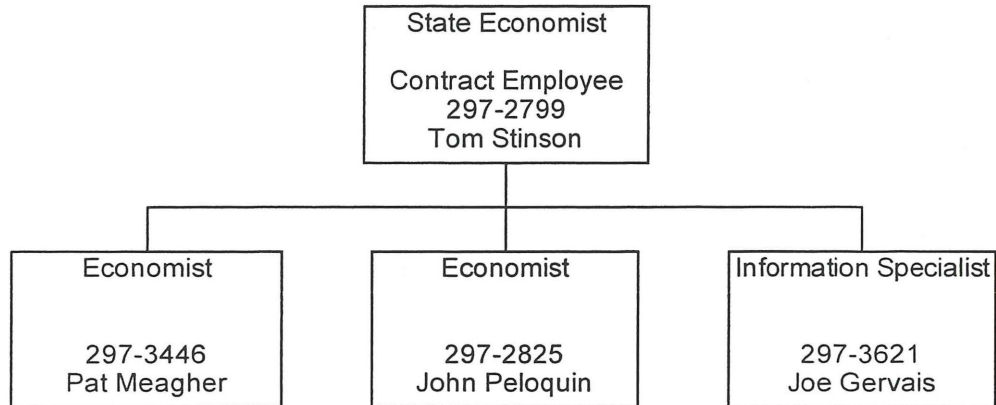
Budget Services



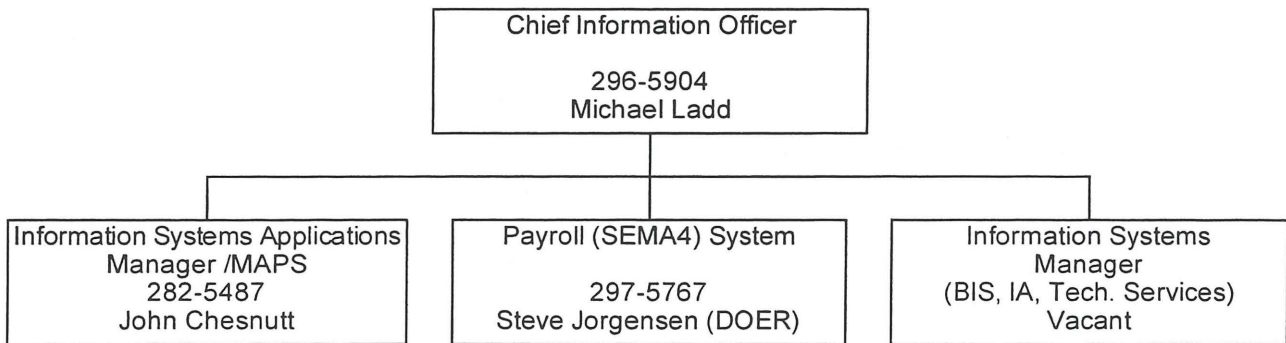
Management Services



Economic Analysis



Information Services



**PRIMARY LEGISLATIVE COMMITTEES FOR FINANCE AND BUDGET ISSUES
80TH LEGISLATIVE SESSION**

House Finance Divisions:

- Family & Early Childhood Education Finance Division - Rep. Tony Kinkel
- K-12 Education Finance Division - Rep. Becky Kelso
- Higher Education Finance Division - Rep. Gene Pelowski
- Economic Development Finance Division - Rep. Steve Trimble
- Housing & Housing Finance Division - Rep. Karen Clark
- State Government Finance Division - Rep. Tom Rukavina
- Environment and Natural Resources Finance - Rep. Tom Osthoff
- Health and Human Services Finance Division - Rep. Lee Greenfield
- Transportation Finance Division - Rep. Bernie Lieder
- Judiciary Finance Division - Rep. Mary Murphy
- Property Tax & Tax Increment Finance Division - Rep. Edgar Olson
- Sales and Income Tax Division - Rep. Alice Johnson

House Major Finance Committees:

- Taxes - Rep. Dee Long
- Capital Investment - Rep. Henry Kalis
- Ways and Means - Rep. Loren Solberg

Senate Budget Divisions:

- Family & Early Childhood Education Budget Division- Sen. Pat Piper (1)
- K-12 Education Budget Division - Sen. Lawrence Pogemiller (2)
- Higher Education Budget Division - Sen. Leroy Stump (3)
- Health & Family Security Budget Division - Sen. Don Samuelson (4)
- Crime & Judiciary Budget Division - Sen. Randy Kelly (5)
- Economic Development Budget Division - Sen. Tracy Beckman (6)
- Transportation Budget Division - Sen. Janet B. Johnson (7)
- Environment and Agriculture Budget Division - Sen. Steven Morse (8)
- Government Operations Budget Division - Sen. Leonard Price (9)
- Property Taxes & Local Government Budget Division - Sen. Sandy Pappas (10)

Senate Finance Committees

- Education Finance - Sen. Keith Langseth: oversight of (1), (2) & (3)
- Human Resources Finance - Sen. Linda Berglin: oversight of (4), (5) & (6)
- State Government Finance - Sen. Richard Cohen: oversight of (7), (8) & (9)
- Taxes - Sen. Doug J. Johnson: oversight of (10)

Legislative Commission on Planning and Fiscal Policy (Joint Commission)

- Chair – Rep. Phil Carruthers
- Vice Chair – Sen. Roger Moe

BOARDS AND COMMISSIONS

Statutes define the commissioner's participation on various boards and commissions. The commissioner commonly serves on other committees or ad hoc task forces related to current financial issues.

In the past, commissioners have selected a few of the assignments for their personal attention; designees from within the department often represent the commissioner in others. Below is the list of boards and commissions with a brief explanation.

NAME: Agriculture & Economic Development Board
ESTABLISHED BY: Legislature, M.S. 41A
PURPOSE: Provide for agricultural and economic development in the State, and is authorized to issue revenue bonds for these purposes.

NAME: State Board of Investment (SBI)
ESTABLISHED BY: MN Constitution
PURPOSE: Responsible for the investment, purchase and sale of securities for statewide pension funds, trust funds and cash accounts.

NAME: State Board of Investment/Investment Advisory Council (SBI/IAC)
ESTABLISHED BY: Legislative M.S. 11A
PURPOSE: Advises the SBI and the executive director on general policy and investment management.

NAME: Public Facilities Authority (PFA)
ESTABLISHED BY: Legislature in 1987, M.S. 446A
PURPOSE: Authorized to make loans to local government units for wastewater treatment projects, drinking water projects and transportation projects.

NAME: Rural Finance Authority (RFA)
ESTABLISHED BY: Legislature in 1986
PURPOSE: Authorized to issue revenue bonds to finance RFA programs, and to establish a program of restructuring farm real estate loans. Is also responsible for the beginning farmer and other loan programs.

NAME: Council of Economic Advisors
ESTABLISHED BY: Commissioner
PURPOSE: To provide independent analysis of the outlook for the national and MN economies.

NAME: Legislative Advisory Commission (LAC)
ESTABLISHED BY: Legislature
PURPOSE: Review and approves various federal funds for agencies when the legislature is not in session, and review various legislative, mandated actions requiring interim approval. Commissioner of Finance is Executive Secretary.

NAME: Board of Government Innovation and Cooperation
ESTABLISHED BY: Legislature
PURPOSE: Facilitates improved quality and efficiency in the delivery of services by local governments by providing grants and incentives for innovation and cooperation and by waiving state-imposed barriers to more effective service delivery.

NAME: Teachers Retirement Association Board
ESTABLISHED BY: Legislature, M.S., 354.06 and 356A
PURPOSE: Act as fiduciaries for members of the fund and the state; oversee and monitor the funding status of the retirement program; advise the governor and legislature in policy matters relating to the fund members.

NAME: Workers Compensation Reinsurance Association
ESTABLISHED BY: Legislature in 1979
PURPOSE: Provide mandatory worker's compensation reinsurance protection to all Minnesota insurers and self-insurers on a non-profit basis.

SCHEDULE OF SIGNIFICANT DATES

October, 1998

DATE	FUNCTIONAL AREA	DESCRIPTION OF TASK	CITATION
10/15/98	Biennial Budget	Agencies submit budget materials to DOF in each even-numbered year.	M.S. 16A.10 Subd. 2
11/30/98	Biennial Budget	Preliminary budget information due to the legislature by this date in each even-numbered year.	M.S. 16A.10 Subd. 2
11/30/98	Departmental Earnings	Report fee changes submitted under chapter 14 to the legislature.	M.S. 16A.1285, Subd. 4
12/03/98	November Forecast	Forecast of revenues and expenditures due to legislature and governor.	M.S. 16A.103 Subd.1
12/03/98	Debt Capacity	Debt capacity forecast due to governor and legislature.	M.S. 16A.105
12/31/98	Accounting	Prompt pay report to the legislature summarizing the state's payment record.	M.S. 16A.124 Subd.7
12/31/98	Budget - Indirect Costs	DOF must prepare a Statewide cost allocation plan annually. (Indirect Costs).	M.S. 16A.127 Subd.2
12/31/98	Accounting - Financial Reporting	Comprehensive Annual Financial Report (CAFR).	M.S. 16A.50
01/02/99	Agency	Agency performance reports due to Legislature. Odd numbered years.	Laws of 1998, Ch 366, sec. 19
01/05/99	Legislative Session	The 81st legislative session starts	
01/15/99	Accounting Accounts Receivable	Accounts Receivable report due to the legislature each year on management of debts owed to the state.	M.S. 16D.03 Subd. 3.

DATE	FUNCTIONAL AREA	DESCRIPTION OF TASK	CITATION
01/20/99	Welfare Reform Task Force	The commissioner of finance is directed to report on programs passed by the 1997 legislative session related to welfare reform.	1997 Laws, CH. 200 Art. 1, Sec. 37.
01/26/99	Biennial Budget to Legislature,	Governor's recommendations (detailed operating budget and budget message) due to the legislature on the 4th Tuesday in January of each odd-numbered year.	M.S. 16A.11 Subd.1
02/17/99	Biennial Budget to Legislature	A newly elected Governor has until the third Tuesday in February to submit the budget.	M.S. 16A.11 Subd.1
01/26/99	Departmental Earnings	Biennial Departmental Earnings report due to the legislature by this date.	M.S. 16A.1285
01/31/99	Accounting Internal Control	Report to the legislature and governor (odd numbered years) on progress made on developing internal audit standards	M.S. 16A.055 Subd. 1 (7)
02/01/99	Debt Management	Report to the legislature on authorized state bonds for state or local building projects more than five years old.	M.S. 16A.642 Subd. 1 [Laws of 1997]
02/01/99	Capital Budget	Report on bond matching money due to Senate Finance and House Ways and Means by this date every year.	M.S. 16A.501
02/01/99	LAC Actions	Annual Report to the legislature summarizing actions of Legislative Advisory Committee.	M.S. 3.30 Subd. 2
02/28/99	February Forecast	Final forecast of revenues and expenditures during legislative session.	M.S. 16A.103 Subd.1
02/28/99	Debt Capacity	Debt capacity forecast due to governor and legislature.	M.S. 16A.105

DATE	FUNCTIONAL AREA	DESCRIPTION OF TASK	CITATION
03/03/99	Financial Reporting	Financial and compliance reporting on federally assisted programs.	Federal requirement
03/15/99	Biennial Budget Legislature	Legislature must adopt price of government revenue targets by this date. Legislature commonly establishes spending targets for fiscal committees at this time.	M.S. 16A.102 Subd.2
07/01/99	Capital Budget	Agency capital budget requests due to the legislature by this date in odd-numbered years.	M.S. 16A.11 Subd.1
Annually: September	Accounting/Budget Operations	Fiscal year closing.	
Semi-annually	Debt Management	State Bond Sales as needed.	
Quarterly	Budget Operations	Quarterly work force reports (full-time equivalents).	M.S. 16A.122 Subd.3
As needed	Transfers	Report to Senate Finance and House Ways and Means appropriation transfers made during the year.	M.S. 16A.285
Annually: March-Aug.	Accounting/Budget Operations	Annual Budget and Accounting Instructions.	M.S. 16A.14, 16A.15, 16A.28.

