

Date: February 15, 2024

To: The Honorable Michael Howard
State Representative

The Honorable Lindsey Port
State Senator

The Honorable Liz Olson
State Representative

The Honorable John Marty
State Senator

cc: Katrina Heimark, Fiscal Analyst
House of Representatives

Dan Mueller, Fiscal Analyst
Senate

Hannah Silver, Executive Budget Officer
Minnesota Management and Budget

Kevin Parker, Policy Advisor
Governor's Office

From: Jennifer Leimaile Ho, Commissioner, Minnesota Housing



Subject: 2024 Operating Costs Report

Pursuant to Minnesota Statutes § 462A.20, subd. 4, I am submitting the Agency's Operating Costs Report for FY 2023 and Budget Plan for FY 2024.

Our FY 2023 operating budget was \$41.1 million and we estimate our operating budget will be \$49.4 million for FY 2024. This increase is driven both by increased costs associated with existing employees as well as the addition of new employees necessary to implement the historic state housing resources and the doubling of agency programs resulting from the 2023 Legislative session. Total assistance provided in FY 2023 was \$1.846 billion and our ratio of operating expenses to assistance provided was 2.28%.

Also enclosed is the Agency's FY 2023 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The FY2023 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

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



Operating Costs Report for FY 2023 and Budget for FY 2024
Submitted Pursuant to M.S. 462A.20, Subd. 4

	<u>FY 2023</u>		<u>FY 2024</u>				Estimated Yr over Yr Increase (Decrease) in Spending
	<u>Estimated Spending</u>	<u>Actual Spending</u>	<u>Budgeted Spending</u>	<u>Actual Spending through 12/31/2023</u>	<u>Estimated Spending for the Full Year</u>	<u>Under (Over) Budget</u>	
<u>Operating Costs</u>							
Salaries and Benefits (NOTE A)	37,150	35,170	45,154	18,308	41,729	3,425	6,559
Rents and Utilities	1,766	1,678	1,759	828	1,709	50	31
Repairs, Alterations, Maintenance	121	222	124	60	122	2	(100)
Printing and Advertising	239	68	120	30	87	33	19
Professional/Technical Services	3,115	1,421	5,158	96	1,696	3,462	275
Computer and Systems Services	2,633	2,047	2,069	909	2,002	67	(45)
Communications	109	89	118	35	95	23	6
Travel, Instate	201	173	250	76	202	48	29
Travel, Out of State	194	166	296	74	249	47	83
Supplies	163	187	183	29	114	69	(73)
Equipment	730	85	816	48	366	450	281
Employee Development	421	236	455	119	334	121	98
Other Operating Costs	291	354	386	189	313	73	(41)
State Indirect Cost Billings	124	124	306	153	306	0	182
Attorney General Costs	180	115	150	44	119	31	4
Total, Agency Operating Costs	47,437	42,135	57,344	20,998	49,443	7,901	7,308

<u>Assistance Provided</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
Total Assistance Provided by the Agency (NOTE B)	1,037,283	1,091,030	1,117,548	1,266,939	1,353,737	1,599,546	1,919,613	2,178,282	1,846,050
Operating Costs as a % of Assistance Provided	2.88%	2.82%	3.19%	2.84%	2.58%	2.32%	1.99%	1.80%	2.28%

NOTE A, Salaries and Benefits. The increase in salaries is due mainly to a 5.5% Cost of Living increase and progression increases for those eligible, as well as an increase in staffing hired to help deliver the new state appropriated programs resulting from the 2023 Legislative session

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