



January 12, 2024

Senator Sandra L. Pappas
Senate Capital Investment Committee
2113 Minnesota Senate Bldg.
St. Paul, MN 55155

Representative Fue Lee
House Capital Investment Division
485 State Office Building
St. Paul, MN 55155

Senator Karin Housley
Senate Capital Investment Committee
2213 Minnesota Senate Bldg.
St. Paul, MN 55155

Representative Dean Urdahl
House Capital Investment Division
279 State Office Building
St. Paul, MN 55155

Senator John Marty
Senate Finance Committee
3235 Minnesota Senate Bldg.
St. Paul, MN 55155

Representative Liz Olson
House Ways and Means Committee
479 State Office Building
St. Paul, MN 55155

Senator Eric Pratt
Senate Finance Committee
2217 Minnesota Senate Bldg.
St. Paul, MN 55155

Representative Pat Garofalo
House Ways and Means Committee
295 State Office Building
St. Paul, MN 55155

Dear Members of the Minnesota Legislature:

As required by Minn. Stat., Sec. 16A.501(b), I am pleased to present our annual report on state agency use of general obligation bond proceeds to pay for internal staff costs directly attributable to bond funded capital programs or projects.

Please contact me if you have any questions about this report, or you may contact Jennifer Hassemer, Assistant Commissioner for Debt Management at MMB, whose contact information is given at the end of the report.

Sincerely,

A handwritten signature in black ink that reads 'Erin M. Campbell'.

Erin Campbell
Commissioner

Enclosures

cc: Legislative Reference Library
Eric Nauman
Emily Adriaens
Hannah Grunewald Noeldner
Andrew Lee



**Agencies' Use of Capital Appropriations
for Staff Costs Attributable to
Capital Programs or Projects**

Report to the Legislature

January 12, 2024

*As required by
Minn. Stat., Sec. 16A.501(b)*

ESTIMATED COSTS OF PREPARING THIS REPORT

The cost information reported below is the estimated cost of preparing this report document. Special funding was not appropriated for the costs of preparing this report.

In accordance with Minn. Stat., Sec. 3.197, the estimated cost incurred by Minnesota Management and Budget in preparing this report is less than \$1,000.

BACKGROUND

On October 20, 2009, MMB issued its “Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs.” This policy became effective for bonding appropriations authorized in the 2010 legislative session and for earlier bonding appropriations that contained specific statutory authority to use G.O. bond proceeds to pay costs of staff directly involved in delivering a capital project or program.

MMB’s goal in implementing the policy was to establish uniform procedures for agencies to charge capitalizable staff costs to bonding appropriations and to establish MMB oversight of the process. The policy requires each agency desiring to charge staff costs to bonding appropriations to submit a plan to MMB for its approval. The plan must indicate how the agency intends to track staff costs charged to each bonding appropriation, which tracking must be by employee, by project or program and by hour spent. Each agency must report staff costs charged to bonding appropriations to the Capital Bonding Coordinator and to its Executive Budget Officer on a quarterly basis and certify that such time is properly capitalizable as a cost of the project or program in accordance with applicable accounting principles.

The 2010 bonding bill (Laws 2010, ch. 189) imposed a reporting requirement for MMB as discussed below. Capital investment bills starting with the 2010 bonding bill now routinely contain language authorizing state agencies to use appropriated funds to pay staff costs directly attributable to the capital program or project in accordance with MMB’s accounting policies.

THE REPORTING REQUIREMENT

Section 28 of the 2010 bonding bill (codified as Minn. Stat., Sec. 16A.501(b)) requires MMB to report to the Legislature by January 15 of each year as to the amount and percentage of each agency’s capital appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds. The report must also address agency compliance with policies of the Commissioner of MMB as to use of general obligation bond proceeds to pay staff costs and any changes to the Commissioner’s policies.

AGENCY REPORTING AND COMPLIANCE

The following 13 agencies have submitted plans to MMB since 2010 to charge staff costs to one or more bonding appropriations and such plans were approved by MMB: Administration, Board of Water and Soil Resources, Department of Natural Resources, Minnesota Historical Society, Metropolitan Council, Pollution Control Agency, Department of Transportation, University of Minnesota, Minnesota State Colleges and Universities, the Minnesota Zoo, Department of Human Services, Department of Education and the Department of Employment and Economic Development.

Report to the Legislature – Agencies’ Use of Capital Appropriations for Staff Costs

Minnesota Management and Budget

January 16, 2024

For the current reporting period, the following seven agencies have submitted one or more quarterly reports of staff costs charged to bonding appropriations in compliance with MMB's policy: Administration, Department of Natural Resources, Minnesota Historical Society, Department of Transportation, University of Minnesota, Minnesota State Colleges and Universities, and Board of Water and Soil Resources. The data that appears on the spreadsheet attached as **Exhibit A** to this report includes amounts spent on staff costs for the current reporting period.

Several agencies that have received capital appropriations since 2010 have indicated that they do not intend to charge staff costs to bonding appropriations, including: Military Affairs, Amateur Sports and Public Facilities Authority. Further, the Department of Administration administers the capital appropriations for construction projects for state-owned assets for several other agencies and thus those agencies do not charge any of their internal staff costs to bonding appropriations, including: Department of Corrections, Department of Public Safety, Minnesota State Academies, Perpich Center for Arts Education, and Veterans Affairs.

With respect to MMB's assessment of the degree of agency compliance with the Commissioner of MMB's policy regarding staff costs, we believe that state agencies are attentive to and seek to comply with the policy's requirements.

Minn. Stat., Sec. 16A.501(b) requires MMB to discuss any changes to its policies regarding the charging of staff costs to bonding appropriations. MMB has not changed the policy adopted on October 20, 2009 and discussed above. However, MMB did attach an addendum to the policy in 2014 that provides additional clarification to agencies on what is a capitalizable staff cost.

RELATED POLICY

[MMB Policy Regarding Use of General Obligation Proceeds to Fund Staff Costs](https://mn.gov/mmb/debt-management/capital-projects/staff-costs/), October 20, 2009
(<https://mn.gov/mmb/debt-management/capital-projects/staff-costs/>)

Agency Contact:

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Minnesota Management and Budget
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St. Paul, MN 55155
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ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b)) - January 16, 2024
AMOUNT OF CAPITAL APPROPRIATIONS USED TO PAY AGENCY STAFF COSTS

Agency	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	2Q FY23 (ended 12/31/2022)	3Q FY23 (ended 3/31/2023)	4Q FY23 (ended 6/30/23)	1Q FY24 (ended 9/30/23)	Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
Administration												
(1)(2)	09 093 01 014 003	2018	DVA VETS CEMETERIES	1,500,000	5,427.51	3,561.15	2,446.19	(489.24)	-	5,518.10	10,945.61	1%
	13 136 00 003 002	2013	CAPITOL ACCESSIBILITY/MONUMENTS	3,023,191	30,951.27	648.85	-	-	completed	648.85	31,600.12	1%
	14 294 01 012 002	2013	CAPITOL ACCESSIBILITY/MONUMENTS	500,000	-	-	-	-	completed	-	-	0%
	171 008 01 017 002	2017	DHS-ST PETER SEC HOSP PHASE 2	70,255,000	78,197.21	3,240.74	439.57	-	completed	3,680.31	81,877.52	0%
	171 008 01 018 003	2020	VA MPLS VET HOME TRUSS BRDGE AP	1,893,289	13,591.73	2,004.88	932.79	427.02	1,019.82	4,384.51	17,976.24	1%
	171 008 01 018 003	2020	VA MPLS VET HOME TRUSS BRDGE SAFETY/SECURITY	1,893,289	5,114.67	1,463.75	2,553.71	432.27	2,199.01	6,648.74	11,763.41	1%
	18 214 01 005	2018	MSA ASSET PRES	2,000,000	13,630.98	171.81	-	completed	completed	171.81	13,802.79	1%
	18 214 01 012 003	2018	CAP CPMPLEX SECURITY UP	10,000,000	49,567.45	81.94	-	completed	completed	81.94	49,649.39	0%
	18 214 01 018 002	2018	DHS ASSET PRESERVATION	10,000,000	56,778.29	7,447.68	-	completed	completed	7,447.68	64,225.97	1%
	18 214 01 018 003	2018	DHS ST PETER CTR DIETARY	2,200,000	18,907.39	-	-	completed	completed	-	18,907.39	1%
	18 214 01 018 004	2018	DHS ANOKA CTR ROOF HVAC	6,550,000	5,135.32	-	1,199.94	681.86	3,465.37	5,347.17	10,482.49	0%
	18 214 01 019 002	2018	DVA ASSET PRESERVATION	9,000,000	45,151.23	3,161.84	-	completed	completed	3,161.84	48,313.07	1%
	18 214 01 019 003	2018	DVA VETS HOME BEMIDJI	12,400,000	56,141.01	4,398.00	-	completed	completed	4,398.00	60,539.01	0%
	18 214 01 019 003	2018	DVA VETS HOME MONTEVIDEO	9,400,000	76,541.31	6,392.10	-	completed	completed	6,392.10	82,933.41	1%
	18 214 01 019 003	2108	DVA VETS HOME PRESTON	10,200,000	27,482.47	5,324.34	-	completed	completed	5,324.34	32,806.81	0%
	18 214 01 020 002	2018	DOC ASSET PRESERVATION	22,000,000.00	171,523.63	3,549.28	-	completed	completed	3,549.28	175,072.91	1%
	18 214 01 020 003	2018	DOC MCF ST CLOUD	14,996,815	52,553.52	-	-	completed	completed	-	52,553.52	0%
	18 214 01 020 004	2018	DOC MCF MOOSE LAKE	1,950,000	7,554.09	-	-	completed	completed	-	7,554.09	0%
(1)(3)	18 214 01 020 005	2018	DOC ASSET PRESERVATION	1,003,184.92	2,531.51	1,316.54	-	completed	completed	1,316.54	3,848.05	0%
	205 003 01 005 002	2020	MSA ASSET PRESERVATION	3,150,000	6,043.93	991.10	307.82	-	2,237.63	3,536.55	9,580.48	0%
	205 003 01 005 003	2020	MSA SAFETY CORRIDOR	5,830,000	10,263.11	5,849.79	6,691.89	1,041.69	4,172.75	17,756.12	28,019.23	0%
	205 003 01 006 002	2020	PCAE ASSET PRESERVATION	750,000	5,615.51	-	-	-	-	-	5,615.51	0%
	205 003 015 002	2020	DPS STATE EMERGENCY OPERATIONS CTR	29,545,000	19,968.26	2,376.59	3,574.96	777.17	3,033.64	9,762.36	29,730.62	0%
	205 003 010	2020	AG/HEALTH BLD	20,000,000	18,384.80	7,046.89	7,646.82	1,562.25	5,093.76	21,349.72	39,734.52	0%
	205 003 01 012 002	2020	ADMIN CAPRA	4,500,000	2,444.51	1,969.89	1,188.00	619.23	1,543.03	5,320.15	7,764.66	0%
	205 003 01 015 003	2020	DPS SOUTHERN MN BCA REGIONAL LAB	100,000	4,437.81	-	-	-	-	-	4,437.81	4%
	205 003 01 018 002	2020	DHS ASSET PRESERVATION	8,000,000	31,362.38	1,922.72	2,665.75	1,229.14	8,880.73	14,698.34	46,060.72	1%
	205 003 01 018 003	2020	DHS ST. PETER REGIONAL CTR	1,794,000	549.75	-	-	-	-	-	549.75	0%
	205 003 01 018 004	2020	DHS CHILD/ADOLESCENT BEHAVIORAL	1,750,000	643.62	-	489.98	-	244.99	734.97	1,378.59	0%
	205 003 01 019 002	2020	DVA ASSET PRESERVATION	6,300,000	11,918.94	1,923.35	4,018.41	934.61	4,395.08	11,271.45	23,190.39	0%
	205 003 01 019 003	2020	DVA FERGUS FALLS VETS GREENHOUSE	100,000	3,962.44	-	-	-	-	-	3,962.44	4%
	205 003 01 020 002	2020	DOC ASSET PRESERVATION	25,000,000	50,527.38	21,195.53	19,896.43	3,922.39	23,313.43	68,327.78	118,855.16	0%
	205 003 01 020 003	2020	DOC WILLOW RIVER	1,877,000	5,960.77	1,188.29	1,369.82	155.42	623.62	3,337.15	9,297.92	0%
	205 003 01 020 004	2020	DOC FARIBAULT	954,000	3,212.69	1,678.30	1,321.11	310.86	-	3,310.27	6,522.96	1%
	205 003 01 020 006	2020	DOC STILLWATER	2,600,000	303.44	-	-	-	854.84	854.84	1,158.28	0%
	205 003 01 020 007	2020	DOC TOGO	2,600,000	582.76	194.25	-	-	-	194.25	777.01	0%
	205 003 01 021 006	2020	DEED WORKFORCE CTR AP	642,000	1,364.61	336.23	1,714.93	-	-	2,051.16	3,415.77	1%
	23 072 01 010	2023	MDA E GRAND FORKS BLDG REPAIR	384,000	-	-	-	-	90.16	90.16	90.16	0%
	23 072 01 012 003	2023	ADMIN CAP CPMPLEX SECURITY UPGRADE	8,796,000	-	-	-	-	427.04	427.04	427.04	0%
	23 072 01 019 003	2023	DVA HASTINGS VET HOME CAMPUS	77,765,000	-	-	-	-	2,730.36	2,730.36	2,730.36	0%
	23 072 01 020 002	2023	DOC ASSET PRESERVATION	33,800,000	-	-	-	-	155.42	155.42	155.42	0%
MN Historical Society												
	205 003 01 024 002	2020	HISTORIC SITES ASSET PRESERV	2,350,000	32,915.02	2,741.68	4,027.80	2,939.46	8,799.00	18,507.94	51,422.96	2%
Transportation												
	18 214 01 016 023	2018	STONE ARCH BRIDGE PROJECT	1,000,000	2,031.05	-	-	-	-	-	2,031.05	0%
Natural Resources												
	171 008 01 006 004a1	2017	EWR DAM SAFETY	4,400,000	74,879.23	-	-	-	-	-	74,879.23	2%
	171 008 01 006 006a	2017	PAT GLACIAL LAKES TRAIL	2,590,000	19,361.94	-	-	-	-	-	19,361.94	1%
	171 008 01 006 006b	2017	PAT HEARTLAND TRAIL	3,300,000	22,576.38	-	-	-	-	-	22,576.38	1%
	171 008 01 006 006c	2017	PAT CAYUNA STATE REC	3,600,000	11,960.31	-	-	-	Completed	-	11,960.31	0%
	171 008 01 006 006d	2017	PAT CAMP RIP VET ST TRAIL	1,600,000	12,630.24	-	-	-	-	-	12,630.24	1%
	171 008 01 006 006e	2017	LAKE VERM-SOUDAN ST PARK	3,500,000	42,374.31	-	-	-	-	-	42,374.31	1%
	171 008 01 006 006f	2017	PAT MILL TOWN ST TRAIL	328,000	3,261.38	-	-	-	-	-	3,261.38	1%
	171 008 01 006 006g	2017	PAT GITCHI GAMI ST TRAIL	3,130,000	23,999.58	-	-	-	-	-	23,999.58	1%
	18 214 01 007 02	2018	OSD NR ASSET PRESERVAT	26,581,000	-	-	-	-	-	-	-	0%
	18 214 01 007 11	2018	PAT MILL TOWNS ST TRL	500,000	358.34	-	-	-	-	-	358.34	0%
	18 214 01 007 06	2018	PAT BLUFFLANDS ST TRL	1,500,000	2,247.49	212.80	-	-	83.95	296.75	2,544.24	0%
	18 214 01 007 09	2018	PAT GLENDOUGH SP	750,000	12,436.86	-	-	-	-	-	12,436.86	2%
	18 214 01 007 10	2018	PAT LAKE VERM SOUDAN PK	4,000,000	12,017.26	1,619.08	-	-	-	1,619.08	13,636.34	0%

ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b)) - January 16, 2024
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18 214 01 007 05	2018	PAT ST PARK ACCESSIBILITY	500,000	12,911.69	401.10	-	-	-	401.10	13,312.79	3%	
18 214 01 007 15	2018	PAT CHESTER WOODS TRL	2,500,000	873.79	1,088.57	-	-	100.73	1,189.30	2,063.09	0%	
18 214 01 007 12	2018	PAT SHOOTING STAR ST TRL	250,000	-	-	-	-	Completed	-	-	0%	
18 214 01 007 15	2018	PAT GRAND MARIAS GRNT	2,000,000	3,290.67	-	-	-	-	-	3,290.67	0%	
18 214 03 013	2018	FOR ST. FPR REFORESTATION	3,000,000	25,023.38	-	-	-	Completed	-	25,023.38	1%	
205 003 01 007 02B	2020	PAT LAKE VERM NRAP	5,000,000	-	252.47	717.40	827.77	220.70	2,018.34	2,018.34	0%	
205 003 01 007 005	2020	EWR DAM SAFETY	2,000,000	20,451.20	7,666.92	7,856.00	7,885.73	10,397.63	33,806.28	54,257.48	3%	
205 003 01 007 006	2020	PAT ST. PARK ACCESSIBILITY	3,000,000	233.97	1,771.56	-	2,918.51	1,546.17	6,236.24	6,470.21	0%	
205 003 01 007 007	2020	PAT LAKE VERM SOUDAN	5,800,000	-	231.81	882.92	3,973.57	1,914.50	7,002.80	7,002.80	0%	
205 003 01 007 010	2020	PAT BLAZING STAR TRL	1,740,000	851.98	588.79	973.97	1,456.24	83.95	3,102.95	3,954.93	0%	
205 003 01 007 011	2020	PAT CAMP RIPLEY VET	2,000,000	2,861.40	1,452.56	1,780.02	2,120.67	2,199.84	7,553.09	10,414.49	1%	
205 003 01 007 012	2020	PAT HEARTLAND TRAIL	2,000,000	1,341.53	219.13	-	-	-	219.13	1,560.66	0%	
205 003 01 007 013	2020	PAT HEARTLAND TRAIL ITASSP COMM	2,000,000	983.53	50.15	-	67.16	604.53	721.84	1,705.37	0%	
MN State Colleges and Universities												
18 214 01 003 003	2018	ANOKA RAMSEY CC NURSING/BUSINESS	569,000	10,479.01	-	-	-	completed	-	10,479.01	2%	
18 214 01 003 009	2018	MSU MOORHEAD WELD HALL	628,000	5,368.69	-	-	-	completed	-	5,368.69	1%	
205 003 01 003 002	2020	MN ST HEAPR (2020 ASSET PRES)	46,347,000	164,451.16	19,002.09	11,454.58	9,739.55	6,099.53	46,295.75	210,746.91	0%	
205 003 01 003 003	2020	NORMANDEALE CC-COLLEGE SERVICES BLD RENO	26,634,000	6,446.14	-	-	-	completed	-	6,446.14	0%	
205 003 01 003 003	2020	ANOKA RAMSEY CC NURSING & BUSINESS CENTER	16,287,000	11,793.70	-	338.16	29.41	completed	367.57	12,161.27	0%	
205 003 01 003 004	2020	MPLS COMM & TECH COLL-MGMT ED CTR DESIGN	990,000	9,886.55	-	-	385.73	747.47	1,133.20	11,019.75	1%	
205 003 01 003 006	2020	PINE TECH & CC-TECH TRADES DESIGN LAB	635,000	11,538.34	764.53	-	323.46	610.83	1,698.82	13,237.16	2%	
23 072 001 003 002	2023	MN ST HEAPR (2023 ASSET PRES)	44,733,000	-	-	-	-	2,109.04	2,109.04	2,109.04	0%	
23 072 001 003 003	2023	WELD HALL	23,099,000	-	-	-	-	441.16	441.16	441.16	0%	
23 072 001 003 004	2023	TECHNOLOGY & BUSINESS CENTER	22,025,000	-	-	-	-	887.58	887.58	887.58	0%	
23 072 001 003 005	2023	MGMT EDUCATION CTR METRO INITIATIVE	20,457,000	-	-	-	-	-	-	-	0%	
23 072 001 003 006	2023	TECHNICAL/TRADES LAB ADDITION & RENO	21,468,000	-	-	-	-	-	-	-	0%	
23 072 001 003 007	2023	ACADEMIC EXCELLENCE RENOVATION	1,671,000	-	-	-	-	237.55	237.55	237.55	0%	
23 072 001 003 008	2023	CLASSROOM BUILDING RENOVATION	3,633,000	-	-	-	-	441.16	441.16	441.16	0%	
23 072 001 003 009	2023	STUDENT SERVICES RENOVATION	11,591,000	-	-	-	-	1,051.99	1,051.99	1,051.99	0%	
23 072 001 003 010	2023	TEACHING AND LEARNING LABS	3,282,000	-	-	-	-	814.44	814.44	814.44	0%	
23 072 001 003 011	2023	ARMSTRONG HALL REPLACEMENT	8,460,000	-	-	-	-	868.39	868.39	868.39	0%	
23 072 001 003 012	2023	CTR FOR INTER COLLAB ENGAGEMENT & LEARNING	4,866,000	-	-	-	-	2,286.65	2,286.65	2,286.65	0%	
23 072 001 003 013	2023	INTEGRATED MANUF. WORKFORCE LABS	8,316,000	-	-	-	-	712.64	712.64	712.64	0%	
23 072 001 003 014	2023	CYBER SECURITY LAB	5,196,000	-	-	-	-	298.79	298.79	298.79	0%	
23 072 001 003 015	2023	STUDENT SERVICES AND TRANSPORTATION CENTER	955,000	-	-	-	-	1,374.37	1,374.37	1,374.37	0%	
University of Minnesota												
(4)	18 214 01 002 002	2018	HEAPR (ASSET PRESERVATION)	47,110,285	549,312.93	2,826.38	4,490.40	4,177.54	3,610.68	15,105.00	564,417.93	1%
	205 003 01 002 002	2020	HEAPR (ASSET PRESERVATION)	38,495,000	325,979.90	26,312.75	9,694.26	7,483.99	17,498.80	60,989.80	386,969.70	1%
	23 072 01 002 002	2023	HEAPR (ASSET PRESERVATION)	43,350,000	-	-	-	-	3,055.13	3,055.13	3,055.13	0%
Board of Soil and Water Resources												
	19 002 00 000	2019	RIM CONSERVATION EASEMENTS	10,000,000	261,877.35	51,732.34	52,426.78	50,375.06	91,387.04	245,921.22	507,798.57	5%
	205 003 00 00	2020	LOCAL GOVT ROAD REPLACEMENT	15,000,000	99,213.52	174,975.69	165,452.49	163,625.46	155,915.93	659,969.57	759,183.09	5%

(1) Amount Previously Spent differs from the amount last reported on the 2023 Staff Costs Report based on agency adjustments.

(2) Negative values represent expenditure corrections in which staff costs were moved to another funding source.

(3) Original appropriation increased due to transfer from the DOC MCF ST. CLOUD 18 214 01 020 003 project to Asset Preservation.

(4) Original appropriation increased due to transfer from the following projects to HEAPR: U of M Crookston Dowell Hall and Owen Hall, Twin Cities-Pillsbury Hall Renewal project and the U of M Morris Humanities Building and Blakely Hall projects.