

January 15, 2026

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

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

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

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

Representative Mary Franson, Co-Chair  
House Capital Investment Committee  
2nd Floor, Centennial Office Building  
St. Paul, MN 55155

Representative Fue Lee, Co-Chair  
House Capital Investment Committee  
5th Floor, Centennial Office Building  
St. Paul, MN 55155

Representative Cedrick Frazier, Co-Chair  
House Ways and Means Committee  
5th Floor, Centennial Office Building  
St. Paul, MN 55155

Representative Paul Torkelson, Co-Chair  
House Ways and Means Committee  
2nd Floor, Centennial 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,

  
Erin Campbell  
Commissioner

Enclosures

cc: Legislative Reference Library  
Eric Nauman, Senate Principal Fiscal Analyst  
Emily Adriaens, House Chief Fiscal Analyst  
Hannah Grunewald Noeldner, Senate Fiscal and Research Analyst  
Erik Olaphson, Senate Fiscal and Research Analyst  
Andrew Lee, House Fiscal Analyst



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

Report to the Legislature

*January 15, 2026*

*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 general obligation bond proceeds to pay costs of staff directly involved in delivering a capital project or program.

The policy establishes uniform procedures for agencies to charge capitalizable staff costs to bonding appropriations, subject to MMB approval. Each agency seeking to charge staff costs to bonding appropriations must submit a plan to MMB indicating how the agency intends to track staff costs charged to each bonding appropriation. Tracking must be done by employee, by project or program, and by hours 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 REPORTING REQUIREMENT**

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

## **AGENCY REPORTING AND COMPLIANCE**

For this reporting period, six agencies submitted quarterly staff costs reports charged to bonding appropriations in compliance with MMB policy: Department of Administration, Department of Natural Resources, Minnesota Historical Society, University of Minnesota, Minnesota State Colleges and Universities, and Board of Water and Soil Resources. **Exhibit A** to this report provides detailed amounts and percentages of the capital appropriations used for staff costs by these agencies during the current reporting period.

MMB’s assessment is that state agencies remain attentive to and seek to comply with the policy governing use of bond proceeds for staff costs.

Minn. Stat., Sec. 16A.501(b) requires MMB to report any changes to this policy. The policy adopted on October 20, 2009 remains in effect. An addendum issued in 2014 clarified what qualifies as capitalizable staff costs; no further changes have been made.

**RELATED POLICY**

[MMB Policy Regarding Use of General Obligation Proceeds to Fund Staff Costs, October 20, 2009](#)

*Agency Contact:*

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Assistant Commissioner – Debt Management  
Minnesota Management and Budget  
658 Cedar Street  
400 Centennial Office Building  
St. Paul, MN 55155  
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[jennifer.hassemer@state.mn.us](mailto:jennifer.hassemer@state.mn.us)

**ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b)) - January 15, 2026**  
**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 FY25 (ended 12/31/2024)	3Q FY25 (ended 3/31/2025)	4Q FY25 (ended 6/30/25)	1Q FY26 (ended 9/30/25)	Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
<b>Administration</b>												
	171 008 01 018 003	2020	VA MPLS VET HOME TRUSS BRDGE SAFETY/SECURITY	7,851,000	20,845.62	308.52	-	-	Project Completed	308.52	21,154.14	0%
	205 003 01 012 002	2020	ADMIN CAPRA	4,500,000	38,469.06	1,685.50	-	-	Project Completed	1,685.50	40,154.56	1%
	205 003 01 018 002	2020	DHS ASSET PRESERVATION	8,000,000	93,126.18	4,597.32	-	-	Project Completed	4,597.32	97,723.50	1%
	205 003 01 019 002	2020	DVA ASSET PRESERVATION	6,300,000	67,452.69	10,227.36	-	-	Project Completed	10,227.36	77,680.05	1%
	205 003 01 020 002	2020	DOC ASSET PRESERVATION	25,000,000	196,937.76	8,397.09	-	-	Project Completed	8,397.09	205,334.85	1%
	205 003 01 020 003	2020	DOC WILLOW RIVER	1,877,000	10,461.49	279.18	-	-	Project Completed	279.18	10,740.67	1%
	205 003 01 020 005	2023	DOC MCF-ST. CLOUD FIRE SUPPRESS	800,000	1,445.61	1,195.65	-	-	Project Completed	1,195.65	2,641.26	0%
	23 072 01 005 002	2023	MSA ASSET PRESERVATION	1,200,000	1,207.20	2,158.52	2,266.50	1,244.92	1,966.93	7,636.87	8,844.07	1%
	23 072 01 005 003	2023	MSA DORMITORY	7,837,000	3,209.14	2,216.84	2,670.37	3,445.77	1,883.64	10,216.62	13,425.76	0%
	23 072 01 006 000	2023	PCAE ASSET PRESERVATION	900,000	-	537.43	539.75	809.64	345.26	2,232.08	2,232.08	0%
	23 072 01 010	2023	MDA E GRAND FORKS BLDG REPAIR	384,000	3,561.17	2,221.33	1,780.21	1,634.26	779.97	6,415.77	9,976.94	3%
	23 072 01 012 002	2023	ADMIN CAPRA	9,000,000	5,775.48	7,552.09	8,391.27	16,953.77	9,846.66	42,743.79	48,519.27	1%
	23 072 01 012 003	2023	ADMIN CAP CMPLEX SECURITY UPGRADE	8,796,000	11,453.03	1,980.21	2,734.96	2,237.22	2,689.92	9,642.31	21,095.34	0%
	23 072 01 015 002	2023	DPS STATE EMERGENCY OPERATIONS CTR	11,392,000	2,177.60	8,118.00	5,833.22	9,621.53	6,994.83	30,567.58	32,745.18	0%
	23 072 01 015 003	2023	DPS BCA MARYLAND BLD IMPROVEMENTS	6,033,000	11,446.33	3,044.31	1,965.72	2,179.90	2,989.69	10,179.62	21,625.95	0%
	23 072 01 018 002	2023	DHS ASSET PRESERVATION	7,200,000	-	558.27	892.87	1,303.90	144.97	2,900.01	2,900.01	0%
	23 072 01 018 003	2023	DHS WATER/SEWER UPGRADES	1,050,000	4,568.06	-	-	-	-	-	4,568.06	0%
	23 072 01 019 002	2023	MDVA ASSET PRESERVATION	12,360,000	21,823.45	9,894.86	22,526.41	33,593.02	24,974.93	90,989.22	112,812.67	1%
	23 072 01 019 003	2023	DVA HASTINGS VET HOME CAMPUS	77,765,000	60,485.36	18,620.93	8,631.60	9,213.57	4,091.16	40,557.26	101,042.62	0%
	23 072 01 020 002	2023	DOC ASSET PRESERVATION	33,800,000	54,147.38	20,317.78	39,105.96	39,775.21	36,680.07	135,879.02	190,026.40	1%
	23 072 01 020 003	2023	MCF LINO LAKE BUILDING RENO	492,000	-	537.43	5,127.57	2,656.03	1,079.52	9,400.55	9,400.55	2%
	23 072 01 022	2023	GIANTS RIDGE WATERLINE	12,229,000	8,186.78	139.83	46.64	-	-	186.47	8,373.25	0%
	251 015 01 006 000	2025	PCAE ASSET PRESERVATION	1,260,000	-	-	-	-	1,079.52	1,079.52	1,079.52	0%
	251 015 01 013 000	2025	BCA MANKATO BLDG	67,000,000	-	-	-	-	1,953.56	1,953.56	1,953.56	0%
<b>MN Historical Society</b>												
	23 072 01 025 002	2023	HISTORIC SITES ASSET PRESERV 2023	5,000,000	16,735.84	7,061.03	12,745.08	2,825.71	3,308.81	25,940.63	42,676.47	1%
<b>Natural Resources</b>												
	171 008 01 006 004a1	2017	EWR DAM SAFETY	4,400,000	74,879.23	-	-	-	-	-	74,879.23	2%
	171 008 01 006 006d	2017	PAT CAMP RIP VET ST TRAIL	1,600,000	12,630.24	-	-	-	-	-	12,630.24	1%
	18 214 01 007 02	2018	OSD NR ASSET PRESERVAT	26,581,000	-	-	-	-	Project Completed	-	-	0%
	18 214 01 007 05	2018	PAT ST PARK ACCESSIBILITY	500,000	13,312.79	-	-	-	Project Completed	-	13,312.79	3%
	18 214 01 007 06	2018	PAT BLUFFLANDS ST TRL	1,500,000	3,139.97	-	-	-	-	-	3,139.97	0%
	18 214 01 007 07	2018	PAT CHESTER WOODS TRL	2,500,000	3,791.61	-	-	-	-	-	3,791.61	0%
	205 003 01 007 02B	2020	PAT LAKE VERM NRAP	5,000,000	2,264.99	62.50	-	-	Project Completed	62.50	2,327.49	0%
	205 003 01 007 007	2020	PAT LAKE VERM SOUDAN	5,800,000	17,126.86	91.01	-	-	-	91.01	17,217.87	0%
	205 003 01 007 011	2020	PAT CAMP RIPLEY VET	2,000,000	11,479.45	329.05	-	-	-	329.05	11,808.50	1%
	205 003 01 007 012	2020	PAT HEARTLAND TRAIL	2,000,000	1,617.85	54.83	-	-	-	54.83	1,672.68	0%
	205 003 01 007 013	2020	PAT HEARTLAND TRAIL ITASSP COMM	2,000,000	2,385.24	146.25	-	-	-	146.25	2,531.49	0%
	23 072 01 007 06	2023	PAT IMPROVING ACCESSIBILITY	1,200,000	5,968.04	1,940.17	1,956.64	3,868.07	-	7,764.88	13,732.92	1%
	23 072 01 007 07	2023	EWR DAM RENOVATION	4,000,000	-	-	1,102.73	1,809.35	1,017.90	3,929.98	3,929.98	0%
	23 072 01 007 09	2023	PAT LK VERMILION SOUDAN PARK	11,000,000	2,415.77	2,366.35	5,066.56	4,635.56	7,691.14	19,759.61	22,175.38	0%
	23 072 01 007 15	2023	PAT CASEY JONES STATE TRAIL	1,320,000	1,646.17	-	258.52	2,571.13	448.78	3,278.43	4,924.60	0%
	23 072 01 007 16	2023	PAT GITCHI GAMMI STATE TRAIL	4,000,000	292.50	2,632.62	406.24	424.72	313.90	3,777.48	4,069.98	0%
(1)	23 072 01 007 17	2023	PAT GLACIAL LAKES TRAIL	3,000,000	2,084.21	438.54	627.64	-	92.31	1,158.49	3,242.70	0%
	23 072 01 007 18	2023	PAT HEARTLAND TRAIL DL FRAZEE	2,950,000	402.20	209.20	-	-	849.26	1,058.46	1,460.66	0%
	23 072 01 007 19	2023	PAT MILL TOWNS ST TRL	8,190,000	-	-	1,709.37	1,479.09	822.87	4,011.33	4,011.33	0%
	23 072 01 007 20	2023	PAT ROOT RIVER STATE TRAIL	2,000,000	-	-	-	738.64	-	738.64	738.64	0%
<b>MN State Colleges and Universities</b>												
	23 072 001 003 002	2023	MN ST HEAPR (2023 ASSET PRES)	44,733,000	40,437.43	5,556.34	6,087.37	9,195.58	9,961.55	30,800.84	71,238.27	0%
	23 072 001 003 003	2023	MSUM WELD HALL	23,099,000	7,125.61	1,589.33	1,696.75	2,497.42	2,812.50	8,596.00	1	

**ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b)) - January 15, 2026**  
**AMOUNT OF CAPITAL APPROPRIATIONS USED TO PAY AGENCY STAFF COSTS**

23 072 001 003 015	2023	STUDENT SERVICES AND TRANSPORTATION CENTER	955,000	10,421.76	-	-	-	Project Completed	-	10,421.76	1%	
23 072 002 002	2023	RCTC HEINTZ CENTER CAREER &TECHNICAL PROGRAM R	1,347,000	5,709.29	271.48	746.57	-	Project Completed	1,018.05	6,727.34	0%	
251 015 01 003 002	2025	MN ST 2025 HEAPR	60,000,000	-	-	-	-	6,771.20	6,771.20	6,771.20	0%	
251 015 01 003 003	2025	ATCC STUDENT SERVICES & TRANSPORTATION CENTER	24,000,000	-	-	-	-	1,781.25	1,781.25	1,781.25	0%	
<b>University of Minnesota</b>												
(2)	205 003 01 002 002	2020	HEAPR (ASSET PRESERVATION)	39,532,527	427,399.61	8,743.59	5,912.56	-	-	14,656.15	442,055.76	1%
	23 072 01 002 002	2023	HEAPR (ASSET PRESERVATION)	43,350,000	193,991.14	51,714.87	53,052.82	43,047.44	60,442.34	208,257.47	402,248.61	1%
	251 015 01 002 000	2025	HEAPR (ASSET PRESERVATION)	60,000,000	-	-	-	-	4,472.14	4,472.14	4,472.14	0%
<b>Board of Soil and Water Resources</b>												
	205 003 001 009 04	2020	RIM SESSION BONDING	1,000,000	52,335.94	43,155.91	project completed	-	-	43,155.91	95,491.85	10%
	23 072 001 009 02	2023	LOCAL GOVT ROAD REPLACEMENT	12,000,000	143,770.21	99,557.38	118,472.43	157,795.92	124,970.65	500,796.38	644,566.59	5%
	23 072 001 009 03	2023	RIM 2023 SESSION BONDING	10,700,000	-	-	-	-	16,857.83	16,857.83	16,857.83	0%

(1) Amount Previously Spent differs from the amount last reported on the 2024 Staff Costs Report based on agency adjustments.

(2) Includes the \$1,037,527.86 conversion from unused funds on the Institute of Child Development project