



January 15, 2016

The Honorable LeRoy A. Stumpf
Chair
Senate Capital Investment Committee
3221 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Paul Torkelson
Chair
House Capital Investment Committee
381 State Office Building
St. Paul, MN 55155

The Honorable David H. Senjem
Ranking Minority Member
Senate Capital Investment Committee
113 State Office Building
St. Paul, MN 55155

The Honorable Alice Hausman
Ranking Minority Member
House Capital Investment Committee
255 State Office Building
St. Paul, MN 55155

The Honorable Richard Cohen
Chair
Senate Finance Committee
3235 Minnesota Senate Building
St. Paul, MN 55155

The Honorable Jim Knoblach
Chair
House Ways and Means Committee
453 State Office Building
St. Paul, MN 55155

The Honorable Michelle L. Fischbach
Ranking Minority Member
Senate Finance Committee
15 State Office Building
St. Paul, MN 55155

The Honorable Lyndon Carlson, Sr.
Ranking Minority Member
House Ways and Means Committee
283 State Office Building
St. Paul, MN 55155

Dear Members of the Minnesota Legislature:

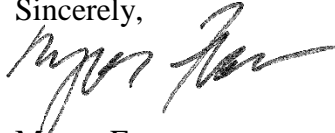
As required by Minn. Stat. Sec. 16A.501(b), which was enacted in Laws 2010, ch. 189, sec. 28, I am pleased to present our report on the amount and percentage of each agency's capital appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds and agency compliance with policies of the Commissioner of Minnesota Management and Budget as to use of general obligation bond proceeds to pay staff costs.

January 15, 2016

Page 2

Please contact me if you have any questions about this report, or you may contact Kristin Hanson at MMB, whose contact information is given at the end of the report.

Sincerely,

A handwritten signature in black ink, appearing to read "Myron Frans". The signature is fluid and cursive, with a long horizontal stroke at the end.

Myron Frans
Commissioner

Enclosures

cc: Kristin Hanson, MMB
Jen Hassemer, MMB
Keith Bogut, MMB
Amelia Cruver, MMB
Ify Onyiah, MMB
Michelle Mitchell, MMB
Legislative Reference Library



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

Report to the Legislature

January 15, 2016

*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 & Budget in preparing this report is less than \$1,000.

BACKGROUND

During 2009, MMB decided to formalize a policy regarding agencies' use of general obligation bond appropriations to pay for staff costs incurred in delivering a capital project or program. It decided to do so after discovering that some agencies were charging staff costs without specific legislative authorization to do so and were doing so in an inconsistent manner. Some agencies were charging staff costs based on a flat percentage of project costs and others were tracking actual employee hours spent.

On October 20, 2009, MMB issued its "Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs", a copy of which is attached as **Exhibit B** to this report. In that policy, MMB stated that its policy would apply to bonding appropriations authorized in the 2010 legislative session and to 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 new policy was to establish uniformity across agencies in the procedures used by agencies to charge 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, and such tracking must be by employee, by project or program and by hour spent. Each agency must report staff costs charged to bonding appropriations to its MMB 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), 2011 bonding bill (Laws 2011, First Special Session, ch. 12), 2012 bonding bill (Laws 2012, ch. 293), 2012 special session flood and windstorm disaster relief bill (Laws 2012, First Special Session, ch. 1), 2013 bonding bill (Laws 2013, ch. 136), 2014 bonding bill (Laws 2014, ch. 294) and 2015 bonding bill (Laws 2015, First Special Session, ch. 5) specifically authorized agencies to use capital appropriations to pay staff costs directly attributable to the capital program or project in accordance with accounting policies adopted by the Commissioner of MMB. The 2010 bonding bill (Laws 2010, ch. 189) imposed a reporting requirement for MMB as discussed below.

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 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.

To date, the following nine agencies have submitted one or more quarterly reports of staff costs charged to bonding appropriations: Administration, Department of Natural Resources, Minnesota Historical Society, Pollution Control Agency, Department of Transportation, University of Minnesota, Minnesota State Colleges and Universities, the Minnesota Zoo and the Department of Employment and Economic Development. 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.

The following three agencies indicated that they did not intend to charge staff costs to bonding appropriations and thus did not submit a plan for charging staff costs to MMB: Department of Corrections, Military Affairs and Department of Public Safety. For the Departments of Corrections and Public Safety, their capital appropriations for construction projects for state-owned assets are administered by the Department of Administration and thus they may not have submitted plans for that reason.

The following agencies, who have received capital appropriations since 2010, neither submitted a plan to MMB nor did they indicate that they did not intend to charge staff costs to bonding appropriations: Amateur Sports, Minnesota State Academies, Perpich Center for Arts Education, Public Facilities Authority and Veterans Affairs. In the case of the State Academies, Perpich Center and Veterans Affairs, their capital appropriations for construction projects for state-owned assets are administered by the Department of Administration and thus they may not have submitted plans for that reason.

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 the agencies are attentive to and endeavor to comply with MMB's policy. Our policy does not require agencies to inform MMB if they do not intend to charge staff costs to capital appropriations, and thus no conclusion as to compliance can be drawn for the agencies who did not submit plans, unless they specifically stated they did not intend to charge staff costs as discussed above. Similarly, the four agencies who submitted plans but have not submitted quarterly reports may have decided not to charge staff costs to bonding appropriations.

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 some general direction to agencies on what is a capitalizable staff cost.

Agency Contact:

Kristin Hanson
Assistant Commissioner – Debt Management
Minnesota Management & Budget
658 Cedar Street
400 Centennial Office Building
St. Paul, MN 55155
(651) 201-8030
kristin.hanson@state.mn.us

ANNUAL REPORT TO LEGISLATURE (M.S. §16A.501(b))												
AMOUNT OF CAPITAL APPROPRIATIONS USED TO PAY AGENCY STAFF COSTS												
Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY15 (ended 12/31/14)	3Q FY15 (ended 3/31/15)	4Q FY15 (ended 6/30/15)	1Q FY16 (ended 9/30/15)			
Administration												
	10 189 00 011 002	2010	ADMIN - CAPRA	2,000,000	24,268.76	-	-	-	Proj. complete	-	24,268.76	1%
	10 189 00 011 003	2010	ADMIN - ASSET PRESERVATION	6,750,000	58,292.96	686.57	-	-	Proj. complete	686.57	58,979.53	1%
	10 189 00 014 003	2010	DPS - EMER OPS CENTER	2,250,000	11,353.72	-	-	-	Proj. complete	-	11,353.72	1%
	10 189 00 018 002	2010	DHS - ASSET PRESERVATION	2,000,000	8,680.59	2,640.00	-	-	Proj. complete	2,640.00	11,320.59	1%
	10 189 00 019 002	2010	VA - ASSET PRESERVATION	4,000,000	40,748.08	-	-	-	Proj. complete	-	40,748.08	1%
	10 189 00 019 004	2010	VA - MPLS VETS HOME	12,250,000	62,993.55	-	-	-	-	-	62,993.55	1%
	10 189 00 020 002	2010	DOC - ASSET PRESERVATION	8,000,000	83,079.59	-	-	-	Proj. complete	-	83,079.59	1%
	10 189 00 020 004(b)	2010	DOC - OPH SECURITY SYSTEM	6,500,000	24,258.06	2,108.77	Proj. complete	N/A	N/A	2,108.77	26,366.83	0%
	111 012 00 004 000	2012	MSA - ASSET PRESERVATION	2,160,000	21,911.90	-	-	-	-	-	21,911.90	1%
	111 012 00 009 002	2012	ADMIN - CAPRA	2,830,000	20,368.08	-	-	-	-	-	20,368.08	1%
	111 012 00 009 003	2012	ADMIN - ASSET PRESERVATION	8,150,000	41,318.25	-	-	-	-	-	41,318.25	1%
	111 012 00 010 000	2012	OET - STATE DATA CENTERS	5,659,000	30,960.88	-	-	-	-	-	30,960.88	1%
(1)	111 012 00 015 002	2012	DHS - ASSET PRESERVATION	4,700,000	8,064.66	(2,383.86)	340.24	2,177.26	3,671.66	3,805.30	11,869.96	0%
	111 012 00 015 004	2012	DHS - MSOP ST PETER SHANTZ BLDG	7,000,000	36,910.83	-	-	-	-	-	36,910.83	1%
	111 012 00 016 000	2012	VA - ASSET PRESERVATION	2,300,000	4,729.49	-	373.23	-	1,430.76	1,803.99	6,533.48	0%
	111 012 00 017 000	2012	DOC-ASSET PRESERVATION	19,000,000	74,368.73	-	-	-	-	-	74,368.73	0%
(1)	12 293 00 005 000	2012	MSA - ASSET PRESERVATION	1,000,000	9,184.97	648.10	214.13	(53.53)	-	808.70	9,993.67	1%
	12 293 00 006 003	2012	PCAE - ROAD REPAIR	99,000	2,803.00	-	-	-	-	-	2,803.00	3%
	12 293 00 006 004	2012	PCAE - STORM DRAINAGE	100,000	2,434.66	-	-	-	-	-	2,434.66	2%
	12 293 00 010 000	2012	AG/HEALTH EMERG POWER SYSTEM	706,000	4,290.96	186.48	-	-	Proj. complete	186.48	4,477.44	1%
	12 293 00 013 002	2012	ADMIN - ASSET PRESERVATION	500,000	-	-	-	-	-	-	-	0%
	12 293 00 013 003(a)	2012	ADMIN - CAPITOL PREDESIGN/DESIGN	14,000,000	-	-	-	-	-	-	-	0%
	12 293 00 013 003(a)	2012	ADMIN - CAPITOL EXT/WINDOWS/MEC	24,000,000	6,345.14	6,666.84	6,475.21	7,336.92	6,537.51	27,016.48	33,361.62	0%
	12 293 00 013 004	2012	ADMIN - CAPRA	1,000,000	16,691.75	-	-	302.82	1,700.35	2,003.17	18,694.92	2%
	12 293 00 013 006	2012	ADMIN - PEACE OFFICERS	55,000	-	-	-	-	Proj. complete	-	-	0%
	12 293 00 018 002	2012	DHS - ASSET PRESERVATION	2,000,000	1,525.19	352.64	379.45	384.22	384.21	1,500.52	3,025.71	0%
	12 293 00 018 004	2012	DHS - ST PETER SEC HOSP PH 1	3,683,000	22,943.58	4,713.73	3,346.53	5,480.91	5,972.06	19,513.23	42,456.81	1%
	12 293 00 019 002	2012	VA - ASSET PRESERVATION	3,000,000	14,445.90	10,101.34	6,798.68	8,107.36	2,635.61	27,642.99	42,088.89	1%
	12 293 00 019 003	2012	VA - MPLS VETS HOME BLDG 17	3,050,000	34,291.28	6,652.56	5,786.45	3,270.16	-	15,709.17	50,000.45	2%
	12 293 00 019 004	2012	VA - MPLS VETS HOME PHARMA	1,366,000	5,327.21	2,406.09	584.74	1,728.67	1,657.80	6,377.30	11,704.51	1%
	12 293 00 020 003	2012	DOC - STILLWATER WATER TREATMT	3,391,000	16,460.37	258.74	-	186.61	139.94	585.29	17,045.66	1%
	12 293 00 020 004	2012	DOC - ASSET PRESERVATION	5,000,000	4,358.93	7,072.53	6,294.16	9,690.29	4,963.17	28,020.15	32,379.08	1%
	13 136 00 003 002	2013	ADMIN - CAPITOL RESTORATION	99,000,000	-	-	-	-	-	-	-	0%
	13 136 00 003 002	2013	ADMIN - CAPITOL SWING SPACE	10,000,000	27,981.46	-	-	-	-	-	27,981.46	0%
	13 136 00 003 005	2013	ADMIN - PARKING FACILITIES	22,680,000	-	-	-	-	-	-	-	0%
	13 136 00 004 000	2013	VA - MPLS BLDG 17 SOUTH	18,935,000	-	-	-	4,221.44	6,220.81	10,442.25	10,442.25	0%
	14 294 01 005 002	2014	MSA - ASSET PRESERVATION	700,000	-	-	388.14	1,434.59	1,981.08	3,803.81	3,803.81	1%
	14 294 01 005 003	2014	MSA - NEW DORM	10,654,000	769.02	3,419.80	5,757.93	7,930.75	5,552.13	22,660.61	23,429.63	0%
	14 294 01 006 000	2014	PERPICH CTR - ASSET PRESERV	2,000,000	932.48	186.50	2,973.01	2,473.25	2,857.51	8,490.27	9,422.75	0%
	14 294 01 009 000	2014	AG LAB SAMPLE STORAGE ROOM	203,000	-	-	-	809.35	249.02	1,058.37	1,058.37	1%
	14 294 01 012 002	2014	ADMIN - CAPITOL RESTORATION	126,300,000	-	-	-	-	-	-	-	0%
	14 294 01 012 003	2014	ADMIN - HMONG VETS MEMORIAL	450,000	-	507.00	1,346.10	1,015.45	678.91	3,547.46	3,547.46	1%

Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY15 (ended 12/31/14)	3Q FY15 (ended 3/31/15)	4Q FY15 (ended 6/30/15)	1Q FY16 (ended 9/30/15)			
	14 294 01 012 004	2014	ADMIN - WORKERS MEMORIAL	250,000	544.69	125.09	684.25	1,324.07	1,368.51	3,501.92	4,046.61	2%
	14 294 01 018 002	2014	DHS - ST PETER SEC HOSP CONSTR	56,317,000	-	-	-	-	-	-	-	0%
	14 294 01 018 003	2014	DHS - MSOP ST PETER PH 1	7,405,000	1,863.97	3,485.29	2,944.92	5,628.38	4,349.75	16,408.34	18,272.31	0%
	14 294 01 018 005	2014	DHS - ASSET PRESERVATION	3,000,000	-	-	-	-	-	-	-	0%
	14 294 01 019 002	2014	VA - ASSET PRESERVATION	2,000,000	499.13	3,042.00	3,505.83	2,235.41	1,371.47	10,154.71	10,653.84	1%
	14 294 01 019 003	2014	VA - MPLS DEEP TUNNEL	700,000	730.17	1,173.74	589.57	361.95	335.78	2,461.04	3,191.21	0%
	14 294 01 020 002	2014	DOC - ASSET PRESERVATION	5,500,000	-	-	336.41	4,398.38	6,724.26	11,459.05	11,459.05	0%
	14 294 01 020 003	2014	DOC - SHAKOPEE SECURITY FENCE	5,381,000	1,800.09	1,484.25	3,434.81	4,058.72	-	8,977.78	10,777.87	0%
	151 005 01 007 000	2015	AG - EAST GRAND FORKS POTATO	50,000	-	-	-	-	46.43	46.43	46.43	0%
	151 005 01 012 000	2015	VA - MINNEHAHA CREEK BRIDGE	650,000	-	-	-	-	-	-	-	0%
MN Historical Society												
	10 189 00 024 002	2010	HISTORIC SITES ASSET PRESERV	3,400,000	97,455.36	1,292.98	-	-	Proj. complete	1,292.98	98,748.34	3%
	111 012 00 020 000	2012	HISTORIC SITES ASSET PRESERV	1,900,000	33,976.81	6,792.67	2,498.93	2,065.03	2,707.38	14,064.01	48,040.82	3%
	12 293 00 024 001	2012	HISTORIC SITES ASSET PRESERV	2,500,000	21,964.16	2,644.82	4,009.63	4,703.78	5,766.26	17,124.49	39,088.65	2%
	14 294 01 024 002	2014	OLIVER KELLEY FARM HIST SITE	10,562,000	6,933.36	10,710.29	14,191.34	7,942.92	14,352.14	47,196.69	54,130.05	1%
	14 294 01 024 003	2014	HISTORIC SITES ASSET PRESERV	1,440,000	-	-	3,817.43	4,624.12	4,251.73	12,693.28	12,693.28	1%
Transportation												
(2)	08 152 02 003 002	2008	CH152 STATE ROAD CONSTRUCTION	1,717,694,000	3,690,454.54	617,446.90	784,470.86	900,097.51	876,992.13	3,179,007.40	6,869,461.94	0%
	09 093 01 011 005	2009	INTERCITY PASSENGER RAIL	26,000,000	810,544.33	103,788.99	79,806.31	82,910.37	-	266,505.67	1,077,050.00	4%
Natural Resources												
	10 189 00 007 003	2010	FLOOD HAZARD MITIG GRANTS	63,500,000	95,921.01	-	Proj. complete	N/A	N/A	-	95,921.01	0%
	10 189 00 007 004	2010	GROUNDWATER OBSERV WELLS	1,000,000	29,178.87	-	Proj. complete	N/A	N/A	-	29,178.87	3%
	10 189 00 007 005	2010	STATE DAM RENOVATION	4,750,000	46,511.14	-	Proj. complete	N/A	N/A	-	46,511.14	1%
	10 189 00 007 006	2010	WILDLIFE/AQUATIC ACQ & IMP	1,000,000	70.07	-	Proj. complete	N/A	N/A	-	70.07	0%
	10 189 00 007 014	2010	STATE PARK & SRA AREA ACQ	2,150,000	7,714.80	-	Proj. complete	N/A	N/A	-	7,714.80	0%
	10 189 00 007 015(a)	2010	CUYUNA COUNTRY SRA DEV	1,250,000	51,493.58	-	Proj. complete	N/A	N/A	-	51,493.58	4%
	10 189 00 007 015(b)	2010	GLENDALOUGH STATE PARK DEV	350,000	17,500.00	-	Proj. complete	N/A	N/A	-	17,500.00	5%
	10 189 00 007 016	2010	STATE TRAIL REHAB	4,000,000	86,731.09	8,793.77	Proj. complete	N/A	N/A	8,793.77	95,524.86	2%
	111 012 00 005 002	2012	NAT RESOURCES ASSET PRESERV	17,000,000	-	-	-	-	-	-	-	0%
	111 012 00 005 003	2012	FLOOD HAZARD MITIG GRANTS	50,000,000	35,917.31	-	-	-	-	-	35,917.31	0%
	111 012 00 005 004	2012	ROADS AND BRIDGES	4,800,000	70,037.49	73.54	10,161.86	730.14	-	10,965.54	81,003.03	2%
	111 012 00 005 005	2012	LAKE VERMILION STATE PARK DEV	8,000,000	220,000.75	44,781.22	39,093.68	45,436.49	14,821.42	144,132.81	364,133.56	5%
	111 012 00 005 006	2012	GROUNDWATER OBSERV WELLS	600,000	19,768.96	-	-	4,165.48	-	4,165.48	23,934.44	4%
	111 012 00 005 007	2012	COON RAPIDS DAM RENOV	16,000,000	37,668.14	3,213.40	2,304.82	1,951.00	691.96	8,161.18	45,829.32	0%
(1)	111 012 00 005 008	2012	STATE TRAIL ACQ & DEV	5,800,000	31,502.23	(4,325.72)	-	-	-	(4,325.72)	27,176.51	0%
	12 293 00 007 002	2012	FLOOD HAZARD MITIG GRANTS	30,000,000	156,024.66	12,672.67	11,113.51	13,080.97	20,009.47	56,876.62	212,901.28	1%
	12 293 00 007 003	2012	DAM REPAIR, RECONSTR AND REMOVA	3,000,000	4,005.07	3,721.18	1,825.75	2,133.61	2,570.98	10,251.52	14,256.59	0%
	12 293 00 007 004	2012	ROADS AND BRIDGES	2,000,000	46,836.33	-	-	-	-	-	46,836.33	2%
	12 293 00 007 006	2012	STATE P&T RENEW & DEVEL	4,000,000	126,466.53	12,841.54	11,207.15	12,851.82	-	36,900.51	163,367.04	4%
	12 293 00 007 007	2012	LAKE VERMILION STATE PARK DEV	2,000,000	-	-	-	8,536.27	-	8,536.27	8,536.27	0%
	121 001 01 009 002	2012	KNIFE RIVER FISH TRAP	6,855,000	21,841.92	540.95	-	-	-	540.95	22,382.87	0%
	121 001 01 009 003	2012	FLOOD HAZARD MITIG GRANTS	9,000,000	64,643.55	14,947.88	13,380.54	14,380.61	5,443.56	48,152.59	112,796.14	1%
	121 001 02 004 002	2012	REFORESTATION	994,000	21,689.77	-	-	-	-	-	21,689.77	2%
	14 294 01 007 002	2014	ASSET PRESERVATION	10,000,000	-	-	-	-	-	-	-	0%

Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY15 (ended 12/31/14)	3Q FY15 (ended 3/31/15)	4Q FY15 (ended 6/30/15)	1Q FY16 (ended 9/30/15)			
	14 294 01 007 006	2014	VERMILLION STATE PARK	14,000,000	-	-	275.50	3,457.13	44,816.40	48,549.03	48,549.03	0%
	14 294 01 007 009	2014	FOREST LAND FOR THE FUTURE	2,963,000	-	-	148,149.98	-	-	148,149.98	148,149.98	5%
	14 294 01 007 010	2014	SHOOTING STAR TRAIL	2,165,000	-	-	3,117.04	1,468.78	1,284.76	5,870.58	5,870.58	0%
	14 294 01 007 010	2014	MINNESOTA VALLEY TRAIL	2,165,000	-	-	3,141.52	1,468.78	2,569.68	7,179.98	7,179.98	0%
	14 294 01 007 010	2014	MINNESOTA RIVER TRAIL	346,000	-	-	3,140.44	1,468.78	1,284.76	5,893.98	5,893.98	2%
	14 294 01 007 010	2014	MILL TOWNS TRAIL	476,300	-	-	4,772.17	725.98	638.33	6,136.48	6,136.48	1%
	14 294 01 007 010	2014	LUCE LINE TRAIL	1,732,200	-	-	3,140.59	1,468.78	1,284.76	5,894.13	5,894.13	0%
	14 294 01 007 010	2014	HEARTLAND TRAIL	2,684,600	-	-	3,140.76	1,468.78	1,284.76	5,894.30	5,894.30	0%
	14 294 01 007 010	2014	GOODHUE PIONEER TRAIL	259,800	-	-	1,944.10	483.82	425.49	2,853.41	2,853.41	1%
	14 294 01 007 010	2014	GLACIAL LAKES TRAIL	1,299,000	-	-	8,003.39	2,678.98	2,348.91	13,031.28	13,031.28	1%
	14 294 01 007 010	2014	GITCHI-GAMI TRAIL	1,472,200	-	-	3,140.44	1,468.78	1,284.76	5,893.98	5,893.98	0%
	14 294 01 007 010	2014	CUYUNA LAKES TRAIL	2,381,500	-	-	3,140.44	1,468.78	1,284.76	5,893.98	5,893.98	0%
	14 294 01 007 010	2014	BLAZING STAR TRAIL	433,000	-	-	3,141.66	1,468.78	1,284.76	5,895.20	5,895.20	1%
	14 294 01 007 010	2014	GATEWAY TRAIL	519,600	-	-	-	-	-	-	-	0%
MN State Colleges and Universities												
	10 189 00 003 002	2010	MNSCU HEAPR (ASSET PRESERV)	52,000,000	108,613.88	174.92	142.12	Proj. complete	N/A	317.04	108,930.92	0%
	10 189 00 003 007	2010	LAKE SUPERIOR HEALTH SCI CTR	12,098,000	4,784.54	Proj. complete	N/A	N/A	N/A	-	4,784.54	0%
	10 189 00 003 017(b)	2010	NHCC CTR FOR BUSINESS & TECH	14,782,000	16,310.92	57.24	Proj. complete	N/A	N/A	57.24	16,368.16	0%
	111 012 00 003 002	2012	MNSCU HEAPR (ASSET PRESERV)	30,000,000	66,763.38	-	112.87	136.52	920.26	1,169.65	67,933.03	0%
	111 012 00 003 003	2012	ANOKA RAMSEY CC FINE ARTS RENO	5,357,000	6,195.83	66.78	98.07	Proj. complete	N/A	164.85	6,360.68	0%
	111 012 00 003 004	2012	HENN TECH LRC & STUDENT CTR REN	10,566,000	28,682.28	461.24	468.95	212.53	748.54	1,891.26	30,573.54	0%
	111 012 00 003 005	2012	METRO STATE SCIENCE ED CENTER	3,444,000	14,365.82	129.62	9.54	Proj. complete	N/A	139.16	14,504.98	0%
	111 012 00 003 006	2012	MSU MOORHEAD LIVINGSTON LIB	14,901,000	15,906.04	19.08	455.94	38.16	Proj. complete	513.18	16,419.22	0%
	111 012 00 003 007	2012	NORM CC ACAD PTSHP CTR & ST SVC	21,984,000	15,047.66	95.40	9.54	65.80	Proj. complete	170.74	15,218.40	0%
	111 012 00 003 008	2012	NHED MESABI IRON RANGE ENG PROG	3,000,000	9,508.33	32.90	9.54	75.34	Proj. complete	117.78	9,626.11	0%
	111 012 00 003 009	2012	ST CLOUD STATE SCI & ENG LAB	42,334,000	14,700.73	19.08	19.08	56.26	39.24	133.66	14,834.39	0%
	12 293 00 003 002	2012	MNSCU HEAPR (ASSET PRESERV)	20,000,000	52,523.34	685.85	257.93	990.09	923.43	2,857.30	55,380.64	0%
	12 293 00 003 003	2012	BIOSCI & ALLIED HLTH	980,000	4,567.91	19.08	9.54	42.44	Proj. complete	71.06	4,638.97	0%
	12 293 00 003 004	2012	BSU BSNS BDG ADD/RNV D&D	3,303,000	18,832.81	447.42	166.80	101.99	19.62	735.83	19,568.64	1%
	12 293 00 003 005	2012	CENTURY ACD PRTRNS CLSRM D&C	5,000,000	11,478.64	393.14	101.99	915.60	326.37	1,737.10	13,215.74	0%
	12 293 00 003 006	2012	DCTC TECH LAB RNV	7,230,000	7,072.91	57.24	-	-	-	57.24	7,130.15	0%
	12 293 00 003 007	2012	MSU MKTO CLINICAL SCI DSG	2,065,000	63,599.50	14,174.04	4,201.81	2,199.86	3,780.60	24,356.31	87,955.81	4%
	12 293 00 003 008	2012	MCTC WRKFRCE PROGRAM RNV	13,389,000	3,783.37	Proj. complete	N/A	N/A	N/A	-	3,783.37	0%
	12 293 00 003 009	2012	NHCC BIOSCI CTR ADD	26,292,000	17,955.29	323.07	334.78	627.65	194.95	1,480.45	19,435.74	0%
	12 293 00 003 010	2012	NTHLND AVIATION MTNCE FAC	300,000	17,417.71	Proj. complete	N/A	N/A	N/A	-	17,417.71	6%
	12 293 00 003 011	2012	RDGWTR W TECH LAB C&RNV	13,851,000	21,539.24	101.99	64.81	46.72	19.62	233.14	21,772.38	0%
	12 293 00 003 012	2012	SCTCC TRUCK & AUTO ADD&RNV	4,000,000	14,332.88	57.24	63.95	Proj. complete	N/A	121.19	14,454.07	0%
	12 293 00 003 013	2012	ST PAUL HLTH & SCI CTR DSGN	1,500,000	19,548.94	548.02	9.54	692.92	672.36	1,922.84	21,471.78	1%
	12 293 00 003 014	2012	MINWEST W RNV & ADD	4,606,000	9,388.00	Proj. complete	N/A	N/A	N/A	-	9,388.00	0%
	12 293 00 003 015	2012	ITASCA DEMO RNV & ADD	4,549,000	11,455.79	84.68	47.70	Proj. complete	N/A	132.38	11,588.17	0%
	12 293 00 003 016	2012	RCTC WORKFORCE CTR	8,746,000	18,717.84	46.72	130.41	46.72	19.62	243.47	18,961.31	0%
	12 293 00 003 017	2012	SO CTRL FARIBLT CLSRM RNV&ADD	13,315,000	14,696.68	19.08	106.26	157.26	104.46	387.06	15,083.74	0%
	12 293 00 003 018	2012	SMSU SCI LAB RNV	500,000	3,149.01	-	-	Proj. complete	N/A	-	3,149.01	1%
	14 294 01 003 002	2014	MNSCU HEAPR (ASSET PRESERV)	42,500,000	12,414.98	13,645.07	21,053.98	19,647.57	19,043.43	73,390.05	85,805.03	0%
	14 294 01 003 003	2014	METRO STATE SCIENCE ED CENTER	35,865,000	1,022.04	1,224.43	1,507.08	1,421.54	1,543.83	5,696.88	6,718.92	0%
	14 294 01 003 004	2014	BSU MEMORIAL DECKER SANFORD	13,790,000	946.88	1,364.43	5,022.24	3,817.22	4,879.63	15,083.52	16,030.40	0%

Agy	Legal Citation (yr-ch-art-sec-subd)	Fiscal Year	Appropriation Name	Amount of Original Appropriation	Amount Previously Spent for Staff Costs	Amount Spent for Staff Costs in:				Total Spent in this Reporting Period	Cumulative Total Spent	% of Approp.
						2Q FY15 (ended 12/31/14)	3Q FY15 (ended 3/31/15)	4Q FY15 (ended 6/30/15)	1Q FY16 (ended 9/30/15)			
	14 294 01 003 005	2014	LAKE SUPERIOR ALLIED HEALTH	5,266,000	487.43	313.53	318.64	194.43	250.90	1,077.50	1,564.93	0%
	14 294 01 003 006	2014	MCTC WRKFRCE PGM PHASE 2	3,600,000	1,505.81	78.63	742.71	444.47	902.42	2,168.23	3,674.04	0%
	14 294 01 003 007	2014	SPC CULINARY ARTS & MCHN RNV	1,500,000	1,049.78	350.71	1,096.85	1,724.97	132.74	3,305.27	4,355.05	0%
	14 294 01 003 008	2014	MSC-SE TECH CLSRMS & LABS	1,700,000	602.20	1,078.76	733.31	702.38	205.26	2,719.71	3,321.91	0%
	14 294 01 003 009	2014	CNTL LAKES STPLS RENOVATION	4,234,000	3,319.87	2,047.00	1,280.03	1,644.35	2,665.85	7,637.23	10,957.10	0%
	14 294 01 003 010	2014	MSU MKTO CLINICAL SCI CONSTR	25,818,000	1,184.64	-	6,905.96	13,642.40	11,000.87	31,549.23	32,733.87	0%
	14 294 01 003 011	2014	MSCTC TRANSP CTR ADD & RNV	6,544,000	2,933.36	859.41	1,748.56	2,320.39	1,465.61	6,393.97	9,327.33	0%
	14 294 01 003 012	2014	RCTC COLLEGE PLAZA MEM HALL	1,000,000	484.71	363.72	1,465.31	2,687.02	846.74	5,362.79	5,847.50	1%
	14 294 01 003 013	2014	CC DGTL LAB, KTCHN, SOLAR TECH	2,020,000	228.81	222.07	1,753.96	993.30	1,240.86	4,210.19	4,439.00	0%
	14 294 01 003 014	2014	NTHLND AVIATION MTNCE FAC ADD	5,864,000	1,709.84	1,063.67	1,832.99	3,810.21	2,735.82	9,442.69	11,152.53	0%
	14 294 01 003 015	2014	NHED INITIATIVES	3,344,000	2,034.32	757.67	376.23	1,253.84	1,436.35	3,824.09	5,858.41	0%
	14 294 01 003 016	2014	WINONA STATE EDU VLG PHSE 1	5,902,000	3,202.00	1,147.20	1,965.99	1,046.84	5,339.45	9,499.48	12,701.48	0%
	14 294 01 003 017	2014	SCSU STDT HEALTH & ACAD RNV	865,000	1,919.02	2,139.87	1,139.64	1,872.13	2,745.87	7,897.51	9,816.53	1%
	151 005 01 003 002	2015	ANOKA TC MFG TECH & AUTO TECH	2,114,000	-	-	-	74.35	1,873.19	1,947.54	1,947.54	0%
	151 005 01 003 003	2015	DAKOTA TC TRANSP & EMERGING TECH	7,733,000	-	-	-	184.89	2,259.33	2,444.22	2,444.22	0%
	151 005 01 003 004	2015	MNWEST CTC CLSRM POWER GEO	3,267,000	-	-	-	176.34	5,030.34	5,206.68	5,206.68	0%
	151 005 01 003 005	2015	ST PAUL HLTH & SCI ALLIANCE CTR	18,829,000	-	-	-	38.16	3,256.62	3,294.78	3,294.78	0%
University of Minnesota												
	10 189 00 002 002	2010	HEAPR (ASSET PRESERVATION)	56,000,000	860,552.57	-	Proj. complete	N/A	N/A	-	860,552.57	2%
	111 012 00 002 002	2011	HEAPR (ASSET PRESERVATION)	25,000,000	233,623.75	2,466.10	468.22	4,912.68	19,516.26	27,363.26	260,987.01	1%
	12 293 00 002 002	2012	HEAPR (ASSET PRESERVATION)	50,000,000	633,519.01	43,130.42	15,529.97	8,270.41	10,998.84	77,929.64	711,448.65	1%
	14 294 01 002 002	2014	HEAPR (ASSET PRESERVATION)	42,500,000	14,192.84	23,298.67	43,460.94	56,484.93	43,901.41	167,145.95	181,338.79	0%
Zoological Society												
	10 189 00 010 002	2010	ASSET PRESERVATION	6,000,000	257,813.33	-	Proj. complete	N/A	N/A	-	257,813.33	4%
	111 012 00 008 000	2011	ASSET PRESERVATION	4,000,000	54,692.09	-	-	-	-	-	54,692.09	1%
	12 293 00 012 000	2012	ASSET PRESERVATION	4,000,000	133,909.77	-	-	-	-	-	133,909.77	3%
	14 294 01 011 002	2014	ASSET PRESERVATION	7,000,000	16,301.06	25,130.74	13,376.35	7,847.69	-	46,354.78	62,655.84	1%
	14 294 01 011 003	2014	HEART OF THE ZOO	5,000,000	7,874.59	10,898.25	10,182.43	27,617.35	3,501.26	52,199.29	60,073.88	1%
(1) Other funds were ultimately used by the agency for staff costs initially paid with bond dollars.												
(2) Staff costs reported in connection with this appropriation were for the following projects: St. Croix Crossing, Winona Bridge, TH 53, Dresbach Bridge, I-35W/Lake Street and Red Wing. Detailed records are on file at both MMB and MnDOT.												

**Policy Regarding Use of General Obligation Bond Proceeds to Fund Staff Costs
Minnesota Management and Budget**

October 20, 2009

Objective:

To account for the use of general obligation bond proceeds that agencies use to fund the capitalizable costs of staff directly involved in delivering a capital project. State agencies are strongly encouraged to charge the time of state employees working on capital projects to non-bond funding sources because of the undesirable practice of amortizing such salary costs over the 20 year life of state general obligation bonds.

Definitions:

Capitalizable costs of staff means the portion of the compensation of employees working directly on a capital project that is directly related to that capital project based on the compensation of each such employee (including employee benefits) and payroll taxes paid by the agency for such employee and the amount of time actually spent by such employee on the project that is properly capitalized as a cost of a project under generally accepted accounting principles and federal tax law. Agencies may use bond proceeds only for out-of-pocket capital costs and not for depreciation, amortization, overhead, general administration, or similar costs.

Capital project means the acquisition or betterment of public land and buildings and other public improvements, the costs of which are properly capitalized under generally accepted accounting principles.

Policy:

1. Agencies intending to use general obligation bond proceeds to fund the capitalizable costs of staff directly involved in delivering a capital project authorized in a bonding bill must notify Minnesota Management and Budget (MMB) of their intention prior to expending any bond appropriations for that purpose.
2. Staff time expended on capital projects are required to be tracked by each individual project in a form and manner acceptable to MMB. Agencies should submit a memorandum to their Executive Budget Officer (EBO) outlining their proposed process for tracking and reporting agency staff time directly expended on completing authorized capital projects for review and approval by MMB.

Criteria for Reporting Format:

Reporting of staff time spent on capital projects funded from general obligation bond proceeds must reflect the following criteria:

1. Time must be tracked by each project individually.
2. Each individual recording time must be identified.
3. Time must be tracked on a daily basis.

Policy Implementation:

Each agency must submit a report detailing the time expended on implementing capital projects to their respective EBO on a quarterly basis. Each agency must certify that such time is properly capitalizable as a cost of the appropriate project in accordance with applicable accounting principles. EBOs shall review the reports and notify the Capital Projects Coordinator if any issues are noted. The Capital Projects Coordinator will work with the agency in question to resolve any issues that are identified. If the agency and the Capital Projects Coordinator are unable to resolve any issues, the Assistant Commissioner will make a final determination, in consultation with bond counsel as needed, as to the resolution of any issues.

Upon completion of each capital project undertaken, the agency will provide written notification to its EBO and no further reimbursement for any capitalizable costs may be made.

Effective Date of Policy:

This policy will be effective with bonding appropriations authorized in the 2010 legislative session. Agencies that already have explicit statutory authority for prior bond authorizations to use general obligation bond proceeds to fund the costs of staff directly involved in delivering a capital project must still submit a plan to track those costs to MMB for its review and approval prior to using any general obligation bond funds for such purposes.

Contacts:

Jennifer Hassemer, Capital Bonding Coordinator, (651) 201-8079

Alisha Cowell, Capital Budget Coordinator, (651) 259-3782

Kristin Hanson, Assistant Commissioner, (651) 201-8030

ADDENDUM
Capitalizable Staff Costs – Guiding Principles

In response to questions MMB has received regarding what is a capitalizable staff cost under generally accepted accounting principles, the following table provides some general direction. If a specific scenario is not covered in these examples, consult with your agency’s capital asset coordinator. Please refer to the formal policy for all rules that apply to the use of general obligation bond proceeds for costs of staff directly working on a capital project.

ALLOWABLE STAFF COSTS	Examples
Staff time spent actively delivering a capital project	<ul style="list-style-type: none"> • Performing construction activities • Working as a project manager • Overseeing compliance with construction contract or other project-specific requirements
NON-ALLOWABLE STAFF COSTS	Examples
Staff time spent on pre-planning activities (before funding decisions are made or before project is sited)	<ul style="list-style-type: none"> • Site selection activities • Preparing grant applications and requests for proposals • Reviewing requests for funding
Staff time spent developing and monitoring the grant agreement and other post-construction activities	<ul style="list-style-type: none"> • Drafting grant agreements • Processing grant payments • Post-completion audits or monitoring
DEPENDS ON FACTS	Examples
Discuss situations not addressed above with agency capital asset coordinators to determine if a particular cost is properly capitalizable under GAAP, or with MMB	<ul style="list-style-type: none"> • Travel costs <ul style="list-style-type: none"> ○ Would the project not be acquired or constructed “but for” the travel? ○ Would the salary of the travelling person be an allowable “staff cost” under MMB’s policy? • Technical assistance and audits <ul style="list-style-type: none"> ○ Not allowable if ancillary to delivery of project