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Minnesota Management and Budget Non-Operating

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AT A GLANCE

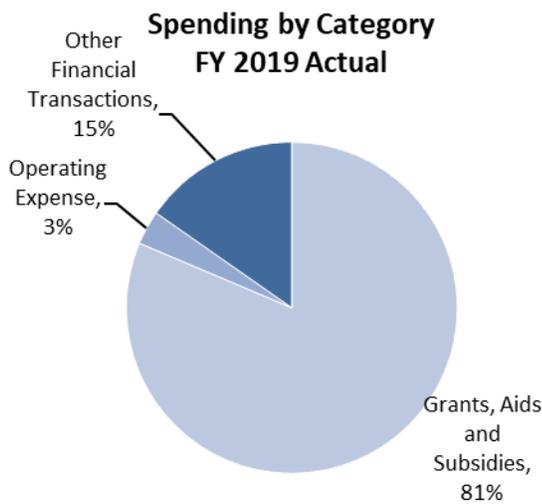
- Maintain more than 125 accounts outside of MMB’s regular statutory operations
- Receive over \$500 million in deposits, transfers, and cancelations to the general fund annually
- Act as fiscal agent for \$8 million in federal funds annually
- Collect over \$100 million in miscellaneous fees, fines, penalties, and surcharges annually
- Provide \$65 million in direct aid to various local and state pension funds annually

PURPOSE

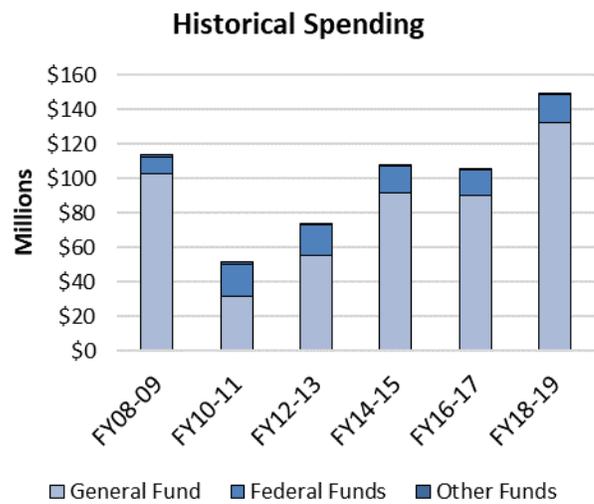
Minnesota Management and Budget (MMB) provides statewide accounting, budgeting, and financial management functions. Because of this role, statute requires MMB to manage a number of accounts and transactions that are outside of our day-to-day operations. This collective work is referred to as MMB’s non-operating activities. These accounts and transactions cover a broad range of financial activities, including tort claims, contingency accounts, pension direct aids, and miscellaneous payments, deposits, and transfers. MMB is also responsible for receiving and depositing the state’s share of various fees, fines, assessments, and surcharges collected by counties and judicial districts. Additionally, MMB acts as a pass-through entity for federal payments in lieu of taxes that we then remit to units of local government where national forests are located.

MMB is driven by our mission to be stewards of the state’s financial and human resources, working together for the people of Minnesota. Our oversight of these non-operating activities is an important aspect of our stewardship of state resources.

BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The charts above show the amounts and categories of MMB non-operating expenditures. They do not include debt service payments administered by the agency. Expenditures are just one facet of MMB’s non-operating activities. Our agency also processes a variety of deposits and transfers. MMB’s non-operating activities are described in more detail below.

Tort Claims: This account pays tort claim judgments against a state agency that cannot be paid from that agency's appropriated accounts. As specified in Minnesota Statutes, Section 3.736, Subdivision 7, a state agency may seek approval from MMB to use money in the MMB non-operating account for tort claims if MMB determines that there is not enough money in the agency's appropriations to cover the tort claim payment.

Contingent Accounts: Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission (LAC). The LAC provides legislative review of the use of these funds during interim periods when the legislature is not in session. With the approval of the governor, supplemental funding for specific purposes is transferred to individual agency budgets; thus, expenditure history appears in the affected agency's budget.

Administrative Accounts: The state administers various trusts and funds on behalf of Minnesotans, including the Children's Trust, the Environmental Trust, and the Permanent School Fund. MMB manages the accounts used to support the administration of these trusts and funds.

Cash Flow Accounts: On an ongoing or one-time basis, some agencies or programs receive specific legislative authority to use general fund money to cash flow programs or activities during a biennium. These accounts are housed within the MMB non-operating accounts. In recent years, MMB has managed the following cash flow accounts:

- Lease-Purchase Cash Flow Account
- Education Aids Cash Flow Account
- Office of Higher Education Cash Flow Account
- MNsure Cash Flow Account
- MN.IT Cash Flow Account

Federal Payments in Lieu of Taxes: MMB receives pass-through federal payments in lieu of taxes for national forest lands, like the Chippewa National Forest and Superior National Forest. MMB receives these payments from the federal government and distributes them to the units of local government that are home to these forest lands.

Miscellaneous Fees, Fines, Assessments, Surcharges, and Deposits: The state charges fees and surcharges for various activities, including obtaining marriage licenses or adopting a child, and assesses fines and penalties for violations of the law. These receipts are often dedicated to more than one activity across multiple agencies; therefore, MMB is tasked with acting as an intermediary between the collecting entity and the receiving entity. In other instances, MMB is required to collect certain deposits that contribute to the available balance in the general fund or other funds.

Pension Direct Aids: The state provides direct aid to the Teachers Retirement Association (TRA) and the Public Employees Retirement Association (PERA) to help offset the additional liability those systems assumed when they merged with the Duluth Teachers Retirement Fund (TRA), the Minneapolis Teachers Retirement Fund (TRA), and the Minneapolis Employees Retirement Fund (PERA). The state also provides direct aid to the PERA Police and Fire Fund and St. Paul Teachers' Retirement Fund to help offset unfunded liabilities. These aids are appropriated to MMB for payment to the applicable pension funds.

STRATEGIES

MMB's non-operating activities contribute to the priorities of Fiscal Accountability and Measurable Results. To support these priorities, a key MMB goal is to direct and model responsible and transparent fiscal management. We work to ensure state resources are used effectively, ensure public trust by responsibly managing state finances and maintaining or improving the state's credit ratings, and communicate the state's fiscal priorities and

financial information in a way that is accessible and understandable. These principles extend to both MMB's operating and non-operating functions. We strive to complete our prescribed non-operating duties timely and we conduct this work according to law and accounting principles. We also report our non-operating activities in the Biennial Budget, Enacted Budget, Budget and Economic Forecasts, and financial statements.

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) and 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the general legal authority for MMB. However, MMB's non-operating activities are authorized throughout various sections of Minnesota Statutes as well as Minnesota Session Law.

MMB Non-operating

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<u>Expenditures by Fund</u>						
1000 - General	61,589	70,993	70,745	196,640	82,192	84,045
1201 - Health Related Boards				800	400	400
2830 - Workers Compensation				200	100	100
3000 - Federal	7,090	8,702	7,615	7,646	7,646	7,646
3700 - Debt Service	377		45			
5000 - Master Lease	11,866	14,399	19,123	22,207	14,101	14,101
Total	80,922	94,093	97,528	227,493	104,439	106,292
Biennial Change				150,006		(114,290)
Biennial % Change				86		(35)

Expenditures by Program

Contingent	821		100	1,400	1,000	500
Teachers Aid	55,658	60,658	60,658	60,658	60,658	60,658
Tort Claims				322	161	161
Federal Funds	7,090	8,702	7,615	7,646	7,646	7,646
Administrative	5,110	10,335	9,987	135,260	20,873	23,226
Debt Management	12,243	14,399	19,169	22,207	14,101	14,101
Total	80,922	94,093	97,528	227,493	104,439	106,292

Expenditures by Category

Compensation			77			
Operating Expenses	3,614	3,138	2,893	2,222	1,661	3,080
Grants, Aids and Subsidies	65,448	76,560	75,473	203,064	88,677	89,111
Other Financial Transaction	11,861	14,396	19,085	22,207	14,101	14,101
Total	80,922	94,093	97,528	227,493	104,439	106,292

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
1000 - General						
Balance Forward In		661		561		
Direct Appropriation	153,503	182,080	506,180	226,559	73,480	72,980
Open Appropriation	20,682	10,586	22,536	13,166	8,673	11,026
Transfers In	10,539	8,787	8,544	278,088	9,664	10,074
Transfers Out	109,813	120,092	454,995	49,907	6,222	6,222
Net Loan Activity	(7,947)	(8,177)	(8,261)			
Cancellations	4,714	2,853	2,699	271,827	3,403	3,813
Balance Forward Out	661		561			
Expenditures	61,589	70,993	70,745	196,640	82,192	84,045
Biennial Change in Expenditures				134,803		(101,148)
Biennial % Change in Expenditures				102		(38)

1201 - Health Related Boards

Balance Forward In		400		400		
Direct Appropriation	400	400	400	400	400	400
Cancellations		800				
Balance Forward Out	400		400			
Expenditures				800	400	400
Biennial Change in Expenditures				800		0
Biennial % Change in Expenditures						

1250 - Health Care Response

Direct Appropriation				10,000		
Transfers In			150,000			
Transfers Out				10,000		
Cancellations			150,000			

1251 - COVID-19 Minnesota

Transfers In			200,000			
Cancellations			200,000			

2000 - Restrict Misc Special Revenue

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Balance Forward In	123			3,656		
Receipts	8,088	7,323	6,579	3,126	3,081	3,081
Transfers Out	8,210	7,323	2,923	6,782	3,081	3,081
Balance Forward Out			3,656			

2001 - Other Misc Special Revenue

Transfers In	340	340	340	340	340	340
Transfers Out	340	340	340	340	340	340

2200 - Game and Fish (Operations)

Balance Forward In		134	134	134	134	134
Balance Forward Out		134	134	134	134	134

2300 - Outdoor Heritage

Transfers In	338	368				
Cancellations	338	368				

2301 - Arts & Cultural Heritage

Transfers In	202	220				
Cancellations	202	220				

2302 - Clean Water

Transfers In	22,338	368				
Cancellations	22,338	368				

2303 - Parks and Trails

Transfers In	146	159				
Cancellations	146	159				

2360 - Health Care Access

Direct Appropriation	322,750	322,000	122,000	122,000	122,000	122,000
Transfers In			7,200			
Transfers Out	322,750	322,000	122,000	122,000	122,000	122,000

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Cancellations			7,200			

2700 - Trunk Highway

Transfers In	3,959	4,761	3,936	4,291	4,291	4,291
Cancellations	3,959	4,761	3,936	4,291	4,291	4,291

2830 - Workers Compensation

Balance Forward In		100		100		
Direct Appropriation	100	100	100	100	100	100
Cancellations		200				
Balance Forward Out	100		100			
Expenditures				200	100	100
Biennial Change in Expenditures				200		0
Biennial % Change in Expenditures						

3000 - Federal

Balance Forward In	38	43	51	59	66	73
Receipts	7,095	8,709	7,623	7,653	7,653	7,653
Balance Forward Out	43	51	59	66	73	80
Expenditures	7,090	8,702	7,615	7,646	7,646	7,646
Biennial Change in Expenditures				(531)		31
Biennial % Change in Expenditures				(3)		0

3700 - Debt Service

Balance Forward In		349		15	15	15
Receipts	398		60			
Transfers Out		349				
Balance Forward Out	21		15	15	15	15
Expenditures	377		45			
Biennial Change in Expenditures				(331)		(45)
Biennial % Change in Expenditures						

3800 - Permanent School

MMB Non-operating

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Balance Forward In	8,047	8,450	9,622	9,417	10,641	10,738
Receipts	33,426	37,167	38,885	39,396	39,685	39,974
Transfers Out	33,023	35,996	39,090	38,172	39,588	39,877
Balance Forward Out	8,450	9,622	9,417	10,641	10,738	10,835

4901 - 911 Revenue Bond Debt Service

Balance Forward In	274	535	807	1,069	1,332	1,595
Transfers In	23,261	23,261	23,261	23,261	23,261	23,261
Transfers Out	23,000	22,989	22,998	22,998	22,998	22,998
Balance Forward Out	535	807	1,069	1,332	1,595	1,858

5000 - Master Lease

Balance Forward In	0	0	0			
Transfers In	11,866	14,399	19,123	22,207	14,101	14,101
Transfers Out	0					
Balance Forward Out	0	0	0			
Expenditures	11,866	14,399	19,123	22,207	14,101	14,101
Biennial Change in Expenditures				15,065		(13,128)
Biennial % Change in Expenditures				57		(32)

6000 - Miscellaneous Agency

Balance Forward In	9,520	10,548	10,651	12,021	12,665	13,309
Receipts	1,679	816	2,664	1,512	1,512	1,512
Transfers In	67	52	91	67	67	67
Transfers Out	720	764	1,385	935	935	935
Balance Forward Out	10,548	10,651	12,021	12,665	13,309	13,953

8000 - Housing Finance Agency

Balance Forward In	71	136	150	20		
Receipts	523	527	508	550	550	550
Transfers Out	458	513	638	570	550	550
Balance Forward Out	136	150	20			

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Direct				
Fund: 1000 - General				
FY2021 Appropriations	226,559	226,559	226,559	453,118
Base Adjustments				
One-Time Capital Appropriations		(38,779)	(38,779)	(77,558)
All Other One-Time Appropriations		(114,800)	(114,800)	(229,600)
Biennial Appropriations		500		500
Forecast Base	226,559	73,480	72,980	146,460
Fund: 1201 - Health Related Boards				
FY2021 Appropriations	400	400	400	800
Forecast Base	400	400	400	800
Fund: 1250 - Health Care Response				
FY2021 Appropriations	10,000			
Forecast Base	10,000			
Fund: 2360 - Health Care Access				
FY2021 Appropriations	122,000	122,000	122,000	244,000
Forecast Base	122,000	122,000	122,000	244,000
Fund: 2830 - Workers Compensation				
FY2021 Appropriations	100	100	100	200
Forecast Base	100	100	100	200
Open				
Fund: 1000 - General				
FY2021 Appropriations	15,882	15,882	15,882	31,764
Base Adjustments				
Forecast Open Appropriation Adjustment		(4,552)	(4,008)	(8,560)
November Forecast Adjustment	(2,716)	(2,657)	(848)	(3,505)
Forecast Base	13,166	8,673	11,026	19,699
Dedicated				
Fund: 3000 - Federal				
Planned Spending	7,646	7,646	7,646	15,292
Forecast Base	7,646	7,646	7,646	15,292
Fund: 5000 - Master Lease				

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Planned Spending	22,207	14,101	14,101	28,202
Forecast Base	22,207	14,101	14,101	28,202
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	3,126	3,081	3,081	6,162
Fund: 3000 - Federal				
Forecast Revenues	7,653	7,653	7,653	15,306
Fund: 3800 - Permanent School				
Forecast Revenues	39,396	39,685	39,974	79,659
Fund: 6000 - Miscellaneous Agency				
Forecast Revenues	1,512	1,512	1,512	3,024
Fund: 8000 - Housing Finance Agency				
Forecast Revenues	550	550	550	1,100
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	281,372	262,112	266,309	528,421
Fund: 1200 - State Government Special Rev				
Forecast Revenues	2,468	2,468	2,468	4,936
Fund: 1250 - Health Care Response				
Forecast Revenues	88			
Fund: 2212 - Peace Officer Training Account				
Forecast Revenues	104	104	104	208
Fund: 2300 - Outdoor Heritage				
Forecast Revenues	4,984	4,984	4,984	9,968
Fund: 2301 - Arts & Cultural Heritage				
Forecast Revenues	330	330	330	660

MMB Non-operating

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Fund: 2302 - Clean Water				
Forecast Revenues	2,613	2,613	2,613	5,226
Fund: 2303 - Parks and Trails				
Forecast Revenues	841	841	841	1,682
Fund: 2340 - Renewable Development				
Forecast Revenues	15,044	20,165	30,399	50,564
Fund: 2360 - Health Care Access				
Forecast Revenues	6,800	5,410	2,880	8,290
Fund: 3010 - Coronavirus Relief				
Forecast Revenues	1,797			