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## Minnesota Management and Budget

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[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

- Approximately 265 employees (FTEs) manage the financial and employee relations responsibilities of the state
- Coordinate biennial budget process for more than 100 agencies, boards, commissions, and the legislative and judicial branches
- Produce twice a year budget and economic forecasts
- Manage \$8 billion in state public debt
- Process an average of 55,000 vendor payments per week
- Process approximately 56,000 employee paychecks twice a month
- Oversee and maintain human resources policy for more than 100 state agencies, boards, and commissions, while also providing recruitment, retention, talent management, classification, compensation, and training services
- Negotiate contracts with 13 state employee bargaining units
- The State Employee Group Insurance Program manages health benefits for over 132,000 employees, dependents, and retirees
- Oversee and coordinate the state's systems of internal controls and continuity of operations
- Supported by approximately 64 MNIT employees dedicated to MMB's technology portfolio

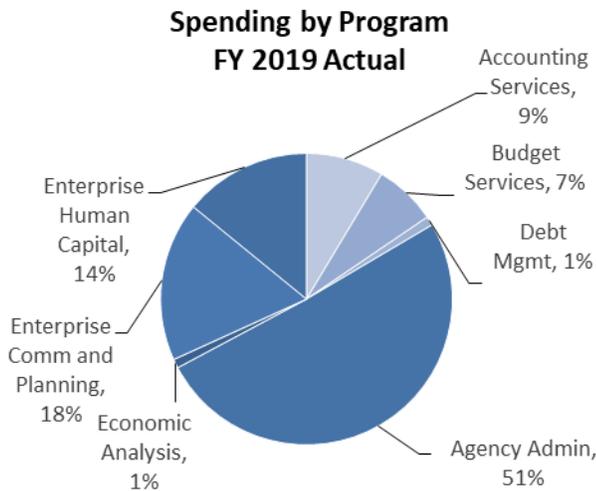
### PURPOSE

Minnesota Management and Budget (MMB) is responsible for managing state finances, payroll, human resources, and employee insurance, and provides systems for daily business operations and information access and analysis. MMB is a central service agency, serving the governor, the legislature, more than 100 state government entities, a workforce of 56,000 employees, and the public.

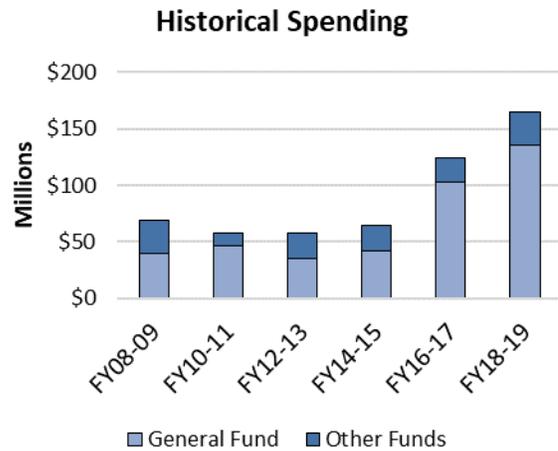
We are stewards of the state's financial and human resources, working together for the people of Minnesota. This mission is at the heart of the services we provide. Our vision is a high-performing and inclusive workforce partnering to deliver effective state services. To achieve our mission and vision, we are driven by the following goals:

- Make decisions based on good data, trusted experts, and community insights
- Modernize state government
- Support and energize a talented workforce and an inclusive workplace
- Engage partners in a collaborative and holistic manner
- Direct and model responsible and transparent fiscal management

## BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The increase in FY16-17 and FY18-19 spending is the result of one-time funds appropriated to MMB to administer the Health Insurance Premium Subsidy Program, which was established effective fiscal year 2017 and ended in fiscal year 2018. Between fiscal years 2017 and 2018, expenditures for this program totaled \$138.1 million. Note that the costs associated with the operation of the State Employees Group Insurance Program (SEGIP) and the Public Employees Insurance Program (PEIP) are not reflected in these charts and graphs. Due to the size of the budget of the insurance programs, their costs are only reflected in their respective budget narratives.

MMB's operating budget is supported by a variety of funding sources. In FY18-19, \$53.6 million in general fund expenditures sustained core agency activities in accounting, budgeting, economic analysis, debt management, enterprise human capital, enterprise communications and planning, and agency administration. An additional \$81.7 million from the general fund was spent on the Health Insurance Premium Subsidy Program, which has since ended. \$30.3 million was expended in other special revenue funds, with most expenditures occurring in the Statewide Systems Billing account, which helps fund accounting, human resources, and payroll IT systems that serve the state government enterprise. Additionally, \$20.6 million was spent in internal service funds by the Enterprise Talent Development (ETD) and Management Analysis and Development (MAD) units. These fee-for-service units provide consulting, management, professional development, and training services to their public sector customers.

While not reflected in this document, in FY18-19, SEGIP expenditures totaled \$1.937 billion and PEIP expenditures totaled \$364.5 million. These expenses are primarily driven by health insurance claims, but they also include the programs' operating costs. SEGIP is funded by state agency and employee contributions, and by participant contributions for PEIP.

## STRATEGIES

As a central service agency with an enterprise focus, we achieve success by helping our partners meet their missions and goals. Described below are the strategies MMB engages in to contribute to the strategies in bold.

**Children and Families:** We staff and manage the Minnesota's Children's Cabinet, an interagency partnership that works to ensure Minnesota is the top place to live for all children, no matter their race or ZIP code. We also integrate this priority at MMB by centering state agency work on children and families whenever possible, including to align enterprise fiscal decision-making and communication efforts on our shared vision for children and families.

**Equity and Inclusion:** Enterprise Human Capital and the Office of the Chief Inclusion Officer are both housed in MMB. The staff in these areas support a workforce of over 56,000 people. Equity and inclusion are fundamental to our work every day. We work to ensure agency structures support equity and inclusion, to support inclusive organizational structures, to incorporate this priority in organizational systems and operating procedures, and to diversify state leadership.

**Thriving Communities:** MMB supports all state agencies in providing services to Minnesotans and their communities. Ensuring all communities thrive is at the heart of our collective work. We support this priority by raising funds and helping communities access funding for needed capital investments across Minnesota, assisting with preventing and ending homelessness as a member of the state’s interagency council, and leveraging SEGIP’s influence as a large provider of health insurance to help reduce health care costs and improve health outcomes for all Minnesotans.

**Fiscal Accountability and Measurable Results:** MMB manages the state’s finances and is the steward of state resources. Supporting fiscal accountability and measurable results is integral to what we do. We ensure public trust by responsibly managing state finances and maintaining or improving the state’s credit ratings, communicate the state’s fiscal priorities and financial information in a way that is accessible and understandable, conduct impact evaluations and deliver findings that are understood, trusted, and used to guide decision-making, and integrate measurable results into work across MMB.

**Minnesota’s Environment:** From financial activities to operations, we keep Minnesota’s environment at the forefront of our work by serving as an active participant of the Climate Change Subcabinet, collecting information related to estimated greenhouse gas emission reductions associated with budget proposals, contributing to statewide efforts aimed at reducing greenhouse gas emissions, and prioritizing efforts to reduce consumption and target sustainability in all areas of agency operations pursuant to Executive Order 19-27.

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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.

# Management and Budget

# Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	108,576	26,705	26,778	28,532	27,388	27,388
2000 - Restrict Misc Special Revenue	78	83	72	20	76	76
2001 - Other Misc Special Revenue	12,379	17,800	18,097	15,932	13,559	13,284
2005 - Opiate Epidemic Response				300	300	300
3010 - Coronavirus Relief			505	534	81	
4700 - Public Employees Insurance	156,327	208,210	261,930	332,189	395,690	471,790
5200 - Management Analysis	9,666	10,889	12,330	10,274	10,551	10,628
5600 - State Employees Insurance	928,897	1,008,056	974,050	1,023,279	1,108,674	1,179,997
6000 - Miscellaneous Agency	35,430	37,268	37,159	38,873	39,860	40,375
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,449,933</b>	<b>1,596,179</b>	<b>1,743,838</b>
Biennial Change				220,491		559,162
Biennial % Change				9		20

## **Expenditures by Program**

Statewide Services	130,699	55,476	57,783	55,592	51,955	51,676
Statewide Insurance Programs	1,120,654	1,253,534	1,273,139	1,394,341	1,544,224	1,692,162
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,449,933</b>	<b>1,596,179</b>	<b>1,743,838</b>

## **Expenditures by Category**

Compensation	26,223	27,574	30,188	31,612	31,467	31,495
Operating Expenses	1,143,469	1,281,330	1,300,347	1,418,129	1,564,394	1,712,182
Grants, Aids and Subsidies	81,529		10			
Capital Outlay-Real Property	1	0	79			
Other Financial Transaction	132	106	298	192	318	161
<b>Total</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,922</b>	<b>1,449,933</b>	<b>1,596,179</b>	<b>1,743,838</b>

Total Agency Expenditures	1,251,354	1,309,011	1,330,922	1,449,933	1,596,179	1,743,838
Internal Billing Expenditures			476	577	566	566
<b>Expenditures Less Internal Billing</b>	<b>1,251,354</b>	<b>1,309,011</b>	<b>1,330,446</b>	<b>1,449,356</b>	<b>1,595,613</b>	<b>1,743,272</b>

## **Full-Time Equivalent**

	<b>248.11</b>	<b>252.51</b>	<b>266.25</b>	<b>272.96</b>	<b>268.24</b>	<b>266.77</b>
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# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In	272,370	833	0	1,144		
Direct Appropriation	34,448	35,104	27,744	27,221	27,221	27,221
Transfers In	839	2,824	470	1,705	207	207
Transfers Out	9,674	11,975	291	1,538	40	40
Cancellations	188,662	80	1			
Balance Forward Out	744		1,144			
<b>Expenditures</b>	<b>108,576</b>	<b>26,705</b>	<b>26,778</b>	<b>28,532</b>	<b>27,388</b>	<b>27,388</b>
Biennial Change in Expenditures				(79,970)		(534)
Biennial % Change in Expenditures				(59)		(1)
Full-Time Equivalents	144.58	146.64	151.07	149.89	148.63	148.09

## 2000 - Restrict Misc Special Revenue

Balance Forward In	9	10	13	15	10	8
Receipts	79	85	74	15	74	74
Balance Forward Out	10	13	15	10	8	6
<b>Expenditures</b>	<b>78</b>	<b>83</b>	<b>72</b>	<b>20</b>	<b>76</b>	<b>76</b>
Biennial Change in Expenditures				(69)		60
Biennial % Change in Expenditures				(43)		66
Full-Time Equivalents				0.04	0.02	0.02

## 2001 - Other Misc Special Revenue

Balance Forward In	13,954	13,433	8,366	3,212	305	20
Receipts	11,139	11,812	13,394	13,175	13,274	13,274
Transfers In	347	328				
Transfers Out	160	0	450	150		
Balance Forward Out	12,900	7,773	3,213	305	20	10
<b>Expenditures</b>	<b>12,379</b>	<b>17,800</b>	<b>18,097</b>	<b>15,932</b>	<b>13,559</b>	<b>13,284</b>
Biennial Change in Expenditures				3,850		(7,186)
Biennial % Change in Expenditures				13		(21)
Full-Time Equivalents	28.06	27.79	34.58	36.76	35.97	35.25

## 2005 - Opiate Epidemic Response

Direct Appropriation				300	300	300
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# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>Expenditures</b>				<b>300</b>	<b>300</b>	<b>300</b>
Biennial Change in Expenditures				300		300
Biennial % Change in Expenditures						
Full-Time Equivalents				2.32	2.29	2.28

## 3010 - Coronavirus Relief

Balance Forward In					81	
Direct Appropriation			525	615	0	0
Cancellations			19			
Balance Forward Out				81		
<b>Expenditures</b>			<b>505</b>	<b>534</b>	<b>81</b>	
Biennial Change in Expenditures				1,039		(958)
Biennial % Change in Expenditures						(92)
Full-Time Equivalents				2.30		

## 4700 - Public Employees Insurance

Balance Forward In	61,739	78,340	81,810	93,158	93,169	92,404
Receipts	172,823	211,680	273,278	332,200	394,925	469,543
Balance Forward Out	78,235	81,810	93,158	93,169	92,404	90,157
<b>Expenditures</b>	<b>156,327</b>	<b>208,210</b>	<b>261,930</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>
Biennial Change in Expenditures				229,581		273,361
Biennial % Change in Expenditures				63		46
Full-Time Equivalents	1.54	1.60	1.71	1.80	1.80	1.80

## 5200 - Management Analysis

Balance Forward In	1,735	3,236	4,302	1,700	1,703	1,764
Receipts	10,902	10,474	9,728	10,277	10,612	10,690
Balance Forward Out	2,971	2,820	1,700	1,703	1,764	1,826
<b>Expenditures</b>	<b>9,666</b>	<b>10,889</b>	<b>12,330</b>	<b>10,274</b>	<b>10,551</b>	<b>10,628</b>
Biennial Change in Expenditures				2,049		(1,425)
Biennial % Change in Expenditures				10		(6)
Full-Time Equivalents	27.84	31.47	35.12	32.03	31.93	31.83

# Management and Budget

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>5600 - State Employees Insurance</b>						
Balance Forward In	256,829	293,127	295,071	389,601	480,751	565,385
Receipts	964,430	1,008,833	1,068,608	1,114,464	1,193,343	1,303,029
Transfers In	2,113	11,723	20,256	1,064	1,064	1,064
Transfers Out	2,133	11,744	20,284	1,099	1,099	1,099
Balance Forward Out	292,342	293,884	389,601	480,751	565,385	688,382
<b>Expenditures</b>	<b>928,897</b>	<b>1,008,056</b>	<b>974,050</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>
Biennial Change in Expenditures				60,377		291,342
Biennial % Change in Expenditures				3		15
Full-Time Equivalents	46.09	45.01	43.77	47.82	47.60	47.50

## 6000 - Miscellaneous Agency

Balance Forward In	5,688	7,332	8,205	10,358	11,236	11,526
Receipts	37,074	38,141	39,312	39,751	40,150	40,563
Balance Forward Out	7,332	8,205	10,358	11,236	11,526	11,714
<b>Expenditures</b>	<b>35,430</b>	<b>37,268</b>	<b>37,159</b>	<b>38,873</b>	<b>39,860</b>	<b>40,375</b>
Biennial Change in Expenditures				3,334		4,203
Biennial % Change in Expenditures				5		6

# Management and Budget

# Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
FY2021 Appropriations	27,221	27,221	27,221	54,442
<b>Base Adjustments</b>				
Approved Transfer Between Appropriation	0	0	0	0
<b>Forecast Base</b>	<b>27,221</b>	<b>27,221</b>	<b>27,221</b>	<b>54,442</b>
<b>Fund: 2005 - Opiate Epidemic Response</b>				
FY2021 Appropriations	300	300	300	600
<b>Forecast Base</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>600</b>
<b>Fund: 3010 - Coronavirus Relief</b>				
FY2021 Appropriations	615	615	615	1,230
<b>Base Adjustments</b>				
All Other One-Time Appropriations		(615)	(615)	(1,230)
<b>Forecast Base</b>	<b>615</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	20	76	76	152
<b>Forecast Base</b>	<b>20</b>	<b>76</b>	<b>76</b>	<b>152</b>
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Planned Spending	15,932	13,559	13,284	26,843
<b>Forecast Base</b>	<b>15,932</b>	<b>13,559</b>	<b>13,284</b>	<b>26,843</b>
<b>Fund: 4700 - Public Employees Insurance</b>				
Planned Spending	332,189	395,690	471,790	867,480
<b>Forecast Base</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>	<b>867,480</b>
<b>Fund: 5200 - Management Analysis</b>				
Planned Spending	10,274	10,551	10,628	21,179
<b>Forecast Base</b>	<b>10,274</b>	<b>10,551</b>	<b>10,628</b>	<b>21,179</b>
<b>Fund: 5600 - State Employees Insurance</b>				
Planned Spending	1,023,279	1,108,674	1,179,997	2,288,671
<b>Forecast Base</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>	<b>2,288,671</b>
<b>Fund: 6000 - Miscellaneous Agency</b>				

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
Planned Spending	38,873	39,860	40,375	80,235
Forecast Base	38,873	39,860	40,375	80,235
<b>Revenue Change Summary</b>				
<b>Dedicated</b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	15	74	74	148
<b>Fund: 2001 - Other Misc Special Revenue</b>				
Forecast Revenues	13,175	13,274	13,274	26,548
<b>Fund: 4700 - Public Employees Insurance</b>				
Forecast Revenues	332,200	394,925	469,543	864,468
<b>Fund: 5200 - Management Analysis</b>				
Forecast Revenues	10,277	10,612	10,690	21,302
<b>Fund: 5600 - State Employees Insurance</b>				
Forecast Revenues	1,114,464	1,193,343	1,303,029	2,496,372
<b>Fund: 6000 - Miscellaneous Agency</b>				
Forecast Revenues	39,751	40,150	40,563	80,713
<b>Non-Dedicated</b>				
<b>Fund: 1000 - General</b>				
Forecast Revenues	30	30	30	60

**Program:** Statewide Services  
**Activity:** Accounting Services

[mn.gov/mmb/](http://mn.gov/mmb/)

**AT A GLANCE**

- Supports state operations in the areas of accounting, payroll, and financial reporting
- Provides functional support of two statewide systems: Statewide Integrated Financial Tools (SWIFT) and the Statewide Employee Management System (SEMA4)
- 67,028 employees paid during calendar year 2019
- 2.9 million payments made to vendors during FY 2020
- As of August 2020, there are nearly 7,000 users of the SWIFT and SEMA4 systems and over 90,000 users of the Self-Service system
- Resolve accounting and payroll issues and establish policies related to the state’s COVID-19 activities and funds

**PURPOSE AND CONTEXT**

Accounting Services is the foundation that supports the state’s financial management operations. We provide the required infrastructure for efficient and effective accounting and payroll services that are conducted throughout the state. The primary customers are state agencies, state employees, and the individuals and organizations that do business with the state.

Accounting Services supports fiscal accountability and measurable results by responsibly managing and reporting on state finances. We indirectly support the other priorities by managing systems and processes that enable other state agencies to achieve their results.

**SERVICES PROVIDED**

- Establish statewide policies and procedures for financial management to safeguard assets and comply with legal requirements.
- Maintain and direct the operation and use of the statewide accounting and payroll systems.
- Process bi-weekly payroll for state employees and issue payments to individuals, businesses, nonprofit organizations, and other governmental units.
- Prepare statewide financial reports including the Comprehensive Annual Financial Report (CAFR), Single Audit Report, and Statewide Indirect Cost Allocation Plan.

**RESULTS**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion for the Comprehensive Annual Financial Report	Both met	Both met	2018, 2019
Quality	State agency payments issued within 30 days	98.69%	98.74%	2019, 2020
Quality	Payments issued electronically	91.37%	89.32%	2019, 2020

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Employee timesheets processed electronically	96.37%	96.56%	2019, 2020

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Minnesota Statutes, Chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB's Accounting Services activities.

## Accounting Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	5,062	4,792	5,136	5,269	5,282	5,282
<b>Total</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>
Biennial Change				552		159
Biennial % Change				6		2
<b><u>Expenditures by Category</u></b>						
Compensation	4,895	4,628	5,011	5,162	5,162	5,162
Operating Expenses	166	164	125	107	120	120
Other Financial Transaction	0					
<b>Total</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>46.73</b>	<b>43.69</b>	<b>45.81</b>	<b>45.81</b>	<b>45.10</b>	<b>44.72</b>

# Accounting Services

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		13		51		
Direct Appropriation	14,031	14,041	5,187	5,282	5,282	5,282
Transfers Out	8,969	9,248		64		
Cancellations	0	15				
Balance Forward Out	0		51			
<b>Expenditures</b>	<b>5,062</b>	<b>4,792</b>	<b>5,136</b>	<b>5,269</b>	<b>5,282</b>	<b>5,282</b>
Biennial Change in Expenditures				552		159
Biennial % Change in Expenditures				6		2
Full-Time Equivalents	46.73	43.69	45.81	45.81	45.10	44.72

**Program: Statewide Services****Activity: Budget Services**[mn.gov/mmb/](https://mn.gov/mmb/)

### AT A GLANCE

- Provide budget assistance, guidance, instructions, monitoring, implementation, and oversight to more than 100 agencies for the state's \$84 billion biennial budget
- Develop and present to the Legislature the governor's operating and capital budget recommendations
- Annually release February and November budget and economic forecasts
- Release Results First findings regarding the effectiveness of programs and maintain public data dashboards
- Collect data and conduct analysis to inform the state's response to the COVID-19 pandemic and the associated social and economic challenges

### PURPOSE AND CONTEXT

Budget Services works to promote sound fiscal policy in decision-making and helps to ensure the appropriate use of state resources through the provision of accurate and timely information. We support fiscal accountability and measurable results by establishing statewide oversight for the budget process and work to build the capacity of state agencies to use performance information in the management of state government services. This activity is comprised of three sections: Budget Planning and Operations, Budget Policy and Analysis, and Results Management. Our primary customers are the Governor's Office, state agencies, the Legislature, and Minnesotans.

### SERVICES PROVIDED

Budget Services meets customer needs by:

- Creating objective, relevant, and accessible information for decision-makers, such as the budget and economic forecasts, the governor's operating and capital budget recommendations, the general fund balance analysis, and the consolidated fund statement.
- Articulating fiscal policy issues of statewide importance through services and products such as rating agency presentations, budget decision-support, and statewide cash flow analysis.
- Increasing access to budget and fiscal policy information through the provision of statewide guidance and the development and maintenance of the Budget Planning and Analysis and Capital Budget Systems.
- Providing leadership and support for informed policymaking and results management through Results First, the publication of data dashboards, and ad hoc analysis.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<b>2015</b>	<b>2017</b>	<b>2019</b>
Quality	Percentage of survey respondents indicating overall satisfaction with the budget systems (Budget Planning & Analysis System – BPAS, Appropriation Maintenance Application – AMA, Capital Budget System – CBS)	BPAS – 74%	BPAS – 79% AMA – 95% CBS – 93%	BPAS – 95% AMA – 95% CBS – 97%
Results	Proportion of policy maker respondents familiar with Results First findings who use this information about program effectiveness in decision-making.	N/A	44%	53%

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Minnesota Statutes, Chapters 3 (<https://www.revisor.mn.gov/statutes/?id=3>) and 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provide the legal authority for MMB’s Budget Services activities.

## Budget Services

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	3,439	3,817	4,094	4,508	4,534	4,534
2001 - Other Misc Special Revenue	178	14	186			
2005 - Opiate Epidemic Response				300	300	300
<b>Total</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,808</b>	<b>4,834</b>	<b>4,834</b>
Biennial Change				1,640		580
Biennial % Change				22		6
<b><u>Expenditures by Category</u></b>						
Compensation	3,503	3,738	4,110	4,687	4,707	4,707
Operating Expenses	114	93	90	116	124	124
Other Financial Transaction		0	80	5	3	3
<b>Total</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,808</b>	<b>4,834</b>	<b>4,834</b>
Total Agency Expenditures	3,617	3,831	4,280	4,808	4,834	4,834
Internal Billing Expenditures				9	9	9
<b>Expenditures Less Internal Billing</b>	<b>3,617</b>	<b>3,831</b>	<b>4,280</b>	<b>4,799</b>	<b>4,825</b>	<b>4,825</b>
<b><u>Full-Time Equivalent</u></b>	<b>30.59</b>	<b>31.38</b>	<b>36.29</b>	<b>38.81</b>	<b>38.44</b>	<b>38.37</b>

# Budget Services

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		214		632		
Direct Appropriation	3,443	3,451	4,436	4,327	4,327	4,327
Transfers In	207	387	290	207	207	207
Transfers Out		205		658		
Cancellations		30	0			
Balance Forward Out	211		632			
<b>Expenditures</b>	<b>3,439</b>	<b>3,817</b>	<b>4,094</b>	<b>4,508</b>	<b>4,534</b>	<b>4,534</b>
Biennial Change in Expenditures				1,346		466
Biennial % Change in Expenditures				19		5
Full-Time Equivalents	28.53	31.25	34.39	34.59	34.25	34.19

## 2001 - Other Misc Special Revenue

Balance Forward In	178		186			
Receipts		200				
Balance Forward Out		186				
<b>Expenditures</b>	<b>178</b>	<b>14</b>	<b>186</b>			
Biennial Change in Expenditures				(5)		(186)
Biennial % Change in Expenditures				(3)		
Full-Time Equivalents	2.06	0.13	1.90	1.90	1.90	1.90

## 2005 - Opiate Epidemic Response

Direct Appropriation				300	300	300
<b>Expenditures</b>				<b>300</b>	<b>300</b>	<b>300</b>
Biennial Change in Expenditures				300		300
Biennial % Change in Expenditures						
Full-Time Equivalents				2.32	2.29	2.28

**Program:** Statewide Services

**Activity:** Economic Analysis

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

Provide revenue forecasts and report changes in the national and state economic outlook to state leaders and the public through the regular publication of reports and through speaking engagements and press interviews, as described below (with the number of outputs each year in parentheses):

- Budget and Economic Forecast (2)
- Quarterly Revenue and Economic Update (4)
- Monthly Revenue Memo (8)
- Budget Reserve Report (1)
- Revenue Forecast Uncertainty Report (2)
- Rating Agency Presentation (3)
- Data for bond sale Official Statement (2-3)
- Public speaking engagements (20+ events, reaching 1000+ individuals)
- Media contacts (30+)

In response to the COVID-19 pandemic and economic disruptions:

- May 2020 Interim Budget Projection, providing updated projections of economic conditions and major revenue sources (1)
- Updated revenue planning estimate for next biennium (1)
- Additional analyses and reports

### PURPOSE AND CONTEXT

Economic Analysis forecasts state tax revenues in November and February each year as required by state law. The *November Budget and Economic Forecast* is the starting point for the state budget and the basis for the governor's budget recommendations. In February, we update the forecast with new information. The Legislature and the governor use the *February Budget and Economic Forecast* to set the budget for future years and to ensure that the budgets already enacted remain on track and in balance. Bond rating agencies and other analysts use forecast information to assess the state's economic and financial condition. The media use it to inform the public.

In addition to the twice-yearly forecasts, we prepare a quarterly *Revenue and Economic Update* in January, April, July and October of each year. The *Revenue and Economic Update* compares actual revenue collections for the current year to the most recent revenue forecast and reports changes in the national and state economic outlook.

Economic Analysis produces objective research and analysis related to Minnesota's economy and revenues. This research improves the reliability of existing economic and revenue forecasting models and informs state and local government policymakers, the academic and business communities, the media, and the general public about Minnesota's economic and financial condition. The Economic Analysis Unit is led by the State Economist, whose services are provided by contract with the University of Minnesota.

### SERVICES PROVIDED

- Credible and timely forecasts of major state general fund revenue sources. This includes taxes on personal income, general sales, corporate income, deed transfers and mortgage registries, insurance gross receipts, and other sources.

- Quarterly and monthly comparisons of forecast revenue with actual collections for major state general fund sources.
- Clear and timely information about the state economy, including forecasts of employment, income, and other measures of economic activity.
- Analysis of the volatility of major state revenue sources and their components. Through this analysis, we estimate the appropriate size for a state’s budget reserve.
- Analysis of uncertainty in Minnesota's revenue projections.

## RESULTS

Accurate forecasts reduce disruption from short-term budget adjustments and contribute to the state’s financial stability. A forecast error—the percentage difference between the level of revenues forecast and the amount actually collected—can be a gauge of forecast accuracy. Actual collections never precisely match the forecast, in part because we cannot fully anticipate how unforeseen changes in the national economy or in federal tax laws will affect state revenues. Moreover, uncertainty about the revenue impacts of changes in state tax laws can add to forecast errors. Nonetheless, revenue forecast errors provide a base performance measure for the primary activities of Economic Analysis.

A biennium is part of the February forecast three times: 29, 17, and five months from the time the biennium closes. We focus our error calculations on the first February forecast (29 months before closing), because that is the forecast on which the original budget for the biennium is based. To determine whether our accuracy is generally improving over time, we compare the average percentage errors from the most recent three biennia to the errors over the longer term.

<i>Type of measure</i>	<i>Name of Measure</i>	<i>Long-term average forecast error (FY90-91 to FY18-19)</i>	<i>Recent average forecast error (FY12-13 to FY18-19)</i>	<i>Trend in accuracy</i>
Quality	1st February forecast error (+29 months from actual)	4.9%	3.6%	Improved

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Minnesota Statutes, Sections 16A.103 (<https://www.revisor.mn.gov/statutes/cite/16A.103>) and 16A.152 (<https://www.revisor.mn.gov/statutes/cite/16A.152>) provide the legal authority for MMB’s Economic Analysis activities.

## Economic Analysis

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	547	568	591	591	591	591
<b>Total</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>
Biennial Change				68		0
Biennial % Change				6		(0)
<b><u>Expenditures by Category</u></b>						
Compensation	325	341	361	327	345	346
Operating Expenses	222	227	231	264	246	245
<b>Total</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>3.04</b>	<b>3.28</b>	<b>3.01</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

# Economic Analysis

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		21				
Direct Appropriation	548	549	591	591	591	591
Transfers In	16	9	1			
Transfers Out		10				
Cancellations		1				
Balance Forward Out	17		0			
<b>Expenditures</b>	<b>547</b>	<b>568</b>	<b>591</b>	<b>591</b>	<b>591</b>	<b>591</b>
Biennial Change in Expenditures				68		0
Biennial % Change in Expenditures				6		(0)
Full-Time Equivalents	3.04	3.28	3.01	3.00	3.00	3.00

**Program: Statewide Services**

**Activity: Debt Management**

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

- Current bond ratings: AAA/Aa1/AAA with Standard & Poor's, Moody's and Fitch
- \$6.4 billion of general obligation bonds currently outstanding, including \$662 million issued in calendar year 2019 and \$1.199 billion issued in calendar year 2020 (inclusive of refinancings)
- \$1.5 billion of other tax-supported debt currently outstanding, including \$26.7 million issued in calendar year 2019 and an anticipated \$147 million issued in calendar year 2020
- \$18.6 million of revenue bonds currently outstanding
- \$48 million outstanding balance in Master Lease Programs that finance technology and fleet services
- Debt managed to established Capital Investment Guidelines and to meet federal tax and securities law requirements
- Present to credit rating agencies on the impact of the COVID-19 pandemic on state finances and Minnesota's comprehensive public health response

### PURPOSE AND CONTEXT

Debt Management is responsible for both debt management and capital budget implementation and the compliance associated with each. Both functions seek to increase state government's capacity to manage our fiscal resources to ensure exceptional service and value for Minnesotans. We serve state agencies, local government grantees, bondholders, the governor, the Legislature, and the public.

The bonds and other debt we sell finance and refinance capital projects and programs authorized in law. When selling bonds, Debt Management works to minimize cost and risk to the state. Obtaining high credit ratings is important for achieving low interest rates, and we maintain active relationships with the national credit rating agencies. The current debt portfolio continues to comply with the established Capital Investment Guidelines.

Debt Management oversees compliance with all applicable Internal Revenue Service and Securities and Exchange Commission rules and regulations, and all applicable state laws relating to municipal bonds and the capital projects they finance. We maintain policies and procedures regarding regulatory compliance, for example a statewide operating policy on the prohibition of the purchase of state bonds by state entities as investments.

### SERVICES PROVIDED

*Debt management process:* We support fiscal accountability by responsibly managing Minnesota's debt obligations and accessing capital markets in a manner that is most advantageous to the state. We work with financial advisors, legal counsel, rating agencies, state agencies, and underwriters and investors to bring bonds or other debt instruments to market and obtain the most favorable interest rates. We work to remain in compliance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and policies and procedures, including the capital investment guidelines.

*Capital budget process:* We contribute to thriving communities by helping deliver critical infrastructure and necessary investments throughout Minnesota. We advise stakeholders on financing mechanisms for delivering more energy efficient infrastructure. We assist recipients of capital appropriations—including state agencies, local governments, and their nonprofit partners—navigate processes to understand requirements for receiving and

accessing project funds. We complete this work in accordance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and MMB’s policies and procedures.

## RESULTS

While no single entity or circumstance can claim to be responsible for Minnesota’s excellent debt position, having timely, relevant, accurate, and objective information available from Debt Management helps decision-makers effectively influence the state’s debt position.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	<p>The state’s general obligation bond ratings as of July 2018 compared to July 2020. In 2018, Standard &amp; Poor’s upgraded the state’s rating from AA+ to AAA. In 2020, Standard &amp; Poor’s affirmed the AAA and assigned a negative outlook to the rating.</p> <ul style="list-style-type: none"> <li>• Moody’s</li> <li>• Standard &amp; Poor’s</li> <li>• Fitch</li> </ul>	<p>Aa1 (stable) AAA (stable) AAA (stable)</p>	<p>Aa1 (stable) AAA (negative) AAA (stable)</p>	<p>July 2018, July 2020</p>
Results	<p>Capital Investment Guidelines</p> <ul style="list-style-type: none"> <li>• Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%)</li> <li>• Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%)</li> <li>• General obligation bonds scheduled to mature quickly (target: 40% within five years and 70% within 10 years)</li> </ul>	<p>2.58%</p> <p>3.85%</p> <p>42.1%/73.4%</p>	<p>2.27%</p> <p>3.57%</p> <p>42.2%/74.0%</p>	<p>February 2018, February 2020</p> <p>June 30, 2018, June 30, 2020</p>
Results	<p>A comparison of the interest rates from year 1 to 10 of state general obligation bonds sold compared to a municipal bond index for AAA-rated bonds.</p>	<p>The state’s interest rates were slightly higher than the index (0.03%)</p>	<p>The state’s interest rates matched the index</p>	<p>August 2018, August 2020</p>

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Minnesota Statutes, Chapter 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB’s Debt Management activities.

## Debt Management

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	489	542	580	610	613	613
<b>Total</b>	<b>489</b>	<b>542</b>	<b>580</b>	<b>610</b>	<b>613</b>	<b>613</b>
Biennial Change				159		36
Biennial % Change				15		3
<b><u>Expenditures by Category</u></b>						
Compensation	474	530	569	597	600	603
Operating Expenses	15	12	11	13	13	10
<b>Total</b>	<b>489</b>	<b>542</b>	<b>580</b>	<b>610</b>	<b>613</b>	<b>613</b>
<b><u>Full-Time Equivalents</u></b>						
	<b>3.44</b>	<b>4.01</b>	<b>3.98</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

# Debt Management

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		20	0			
Direct Appropriation	475	476	570	613	613	613
Transfers In	33	62	9			
Transfers Out		15		3		
Cancellations		1				
Balance Forward Out	19					
<b>Expenditures</b>	<b>489</b>	<b>542</b>	<b>580</b>	<b>610</b>	<b>613</b>	<b>613</b>
Biennial Change in Expenditures				159		36
Biennial % Change in Expenditures				15		3
Full-Time Equivalents	3.44	4.01	3.98	4.00	4.00	4.00

**Program:** Statewide Services  
**Activity:** Enterprise Human Capital

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

- Support an increasingly diverse workforce and inclusive culture through enhanced training and employee communications and events
- Support employee development with targeted programs for supervisors, managers, emerging leaders, and senior leaders
- Substantially increased access to employee development resources for 10,000 employees via LinkedIn Learning
- Substantially increased access to diversity and inclusion training for employees
- Negotiated nine labor agreements covering 38,000 employees in 2019 through 2020
- Completed the first-ever enterprise employee engagement survey and follow-up activities
- Provide support and guidance to agency human resource and labor relations throughout the COVID-19 pandemic, including guidance on relevant executive orders, paid employee leave, workforce planning strategies, telework and workplace safety, as well as maintain increased and frequent communications with labor unions to keep them informed of management actions

### PURPOSE AND CONTEXT

Enterprise Human Capital (EHC) includes Statewide Human Resources Management and Labor Relations. Statewide Human Resources Management develops and maintains tools and infrastructure for state agency human resources partners to recruit and retain the workforce needed to meet business goals. Labor Relations helps provide efficient and accountable government services by promoting productive relationships with labor organizations representing state employees while integrating the needs of management.

Our service population and clientele include the state's 38,000 employees covered by collective bargaining agreements and the Commissioner's and Managerial Plans. We also serve human resources, supervisory, and managerial staff in over 100 state agencies, boards, and commissions.

### SERVICES PROVIDED

#### Statewide Human Resources Management

- Deliver strategic human resources solutions and guidance that align with business needs and contribute to the delivery of exceptional public services.
- Monitor changes in laws that affect human resource operations in state agencies. Research, develop, and deploy comprehensive policies, and provide training and guidance to ensure agencies comply.
- Develop and maintain systems to record, manage, and retrieve human resources data and information. These systems include employment application processing, learning management, employee record management, and employee benefits.
- Develop and deploy the state's compensation, classification, selection, pay equity, and talent strategy programs. Provide consultation and services to support agency human resources operations.
- Deliver training and development courses to sharpen employee skills in current roles, develop potential for advancement, and elevate leadership effectiveness.
- Provide diversity and inclusion training to foster a respectful and productive workplace serving all Minnesotans.

## Labor Relations

- Represent the state in negotiations for collective bargaining agreements.
- Represent the state in contract mediation and interest arbitration.
- Ensure that negotiated labor agreements maintain flexibility for management and contain economic settlements that are within the state’s ability to pay.
- Provide advice and counsel to state agencies on contract administration, including contract interpretation, employee misconduct investigations, employee discipline, and employee performance management.
- Assist state agencies in review of grievances alleging violations of labor agreements, including evaluation of settlement options and potential impacts to the operations or work environment.
- Provide employee training on such topics as labor relations concepts, grievance processing, discipline and discharge, and investigations.
- Investigate grievances and prepare for and represent the State in grievance mediation, arbitrations, and settlement negotiations.

## Results

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Continued efforts to hire and retain a diverse workforce: <ul style="list-style-type: none"> <li>• Females</li> <li>• Racial/Ethnic minorities</li> <li>• Individuals with disabilities</li> <li>• Veterans</li> </ul>	50.2% 13.8% 7.2% 7.5%	50.3% 14.4% 7.4% 7.4%	FY 2019, FY2020
Quantity	Number of diversity and inclusion training courses offered by Enterprise Talent Development and completed by state employees	895	7151	FY 2019, FY 2020
Quality	Percentage of state employees who say that would recommend working in state government	N/A	76%	FY 2019
Quality	Percentage of cabinet agency employees receiving yearly performance feedback	87.6 %	88.9%	FY 2018 FY 2019
Quality	Percentage of contract negotiations that result in voluntary negotiated settlements consistent with State’s ability to pay	90%	88%	2018, 2020
Quality	Ratified labor agreements receiving approval by full Legislature	100%	100%	2018, 2020

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Minnesota Statutes, Chapters 43A (<https://www.revisor.mn.gov/statutes/cite/43a>) and 179 (<https://www.revisor.mn.gov/statutes/cite/179>) provide the legal authority for MMB’s Enterprise Human Capital activities.

# Enterprise Human Capital

# Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	4,281	4,450	4,464	4,690	4,606	4,606
2001 - Other Misc Special Revenue	902	1,075	1,628	1,724	1,726	1,685
5200 - Management Analysis	3,286	2,310	3,845	2,767	2,767	2,767
<b>Total</b>	<b>8,469</b>	<b>7,836</b>	<b>9,938</b>	<b>9,181</b>	<b>9,099</b>	<b>9,058</b>
Biennial Change				2,814		(962)
Biennial % Change				17		(5)

## **Expenditures by Category**

Compensation	5,486	5,906	6,459	6,288	6,206	6,164
Operating Expenses	2,981	1,925	3,377	2,866	2,868	2,869
Grants, Aids and Subsidies			10			
Capital Outlay-Real Property	0					
Other Financial Transaction	2	4	92	27	25	25
<b>Total</b>	<b>8,469</b>	<b>7,836</b>	<b>9,938</b>	<b>9,181</b>	<b>9,099</b>	<b>9,058</b>

Total Agency Expenditures	8,469	7,836	9,938	9,181	9,099	9,058
Internal Billing Expenditures			75	95	95	95
<b>Expenditures Less Internal Billing</b>	<b>8,469</b>	<b>7,836</b>	<b>9,863</b>	<b>9,086</b>	<b>9,004</b>	<b>8,963</b>

## **Full-Time Equivalent**

	50.72	53.63	56.03	53.50	52.13	51.60
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# Enterprise Human Capital

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		320		324		
Direct Appropriation	4,592	4,603	5,052	4,770	4,606	4,606
Transfers In		154		131		
Transfers Out		622	263	535		
Cancellations		4				
Balance Forward Out	311		324			
<b>Expenditures</b>	<b>4,281</b>	<b>4,450</b>	<b>4,464</b>	<b>4,690</b>	<b>4,606</b>	<b>4,606</b>
Biennial Change in Expenditures				424		58
Biennial % Change in Expenditures				5		1
Full-Time Equivalents	37.56	38.29	37.17	37.64	36.37	36.35

## 2001 - Other Misc Special Revenue

Balance Forward In	238	332	378	149	55	7
Receipts	801	793	1,400	1,630	1,678	1,678
Transfers In	347	328				
Transfers Out	160	0				
Balance Forward Out	323	378	150	55	7	
<b>Expenditures</b>	<b>902</b>	<b>1,075</b>	<b>1,628</b>	<b>1,724</b>	<b>1,726</b>	<b>1,685</b>
Biennial Change in Expenditures				1,374		59
Biennial % Change in Expenditures				69		2
Full-Time Equivalents	2.82	2.76	3.91	4.00	4.00	3.59

## 5200 - Management Analysis

Balance Forward In	640	1,953	2,686	193	196	199
Receipts	4,398	2,592	1,353	2,770	2,770	2,770
Balance Forward Out	1,752	2,235	193	196	199	202
<b>Expenditures</b>	<b>3,286</b>	<b>2,310</b>	<b>3,845</b>	<b>2,767</b>	<b>2,767</b>	<b>2,767</b>
Biennial Change in Expenditures				1,016		(1,078)
Biennial % Change in Expenditures				18		(16)
Full-Time Equivalents	10.34	12.58	14.95	11.86	11.76	11.66

## 6000 - Miscellaneous Agency

Balance Forward In	46	46	46	46	46	46
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# Enterprise Human Capital

# Activity Financing by Fund

*(Dollars in Thousands)*

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY18	FY19	FY20	FY21	FY22	FY23
Balance Forward Out	46	46	46	46	46	46

**Program:** Statewide Services  
**Activity:** Agency Administration

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

- Designed, developed legislation, and managed the premium subsidy program during fiscal years 2017 and 2018 that provided a 25% subsidy to 118,000 Minnesotans, saving them \$137 million in health insurance premium costs
- Provided oversight and managed processes and transactions totaling \$2.4 billion in operating, non-operating, and debt service expenditures in FY 2019
- Manage and ensure the consistent operation of eight enterprise IT systems annually
- Provide nearly \$900,000 through annual payroll deductions from State of Minnesota employees to Minnesota charitable organizations in the Combined Charities Campaign
- Lead an Agency Command Team that coordinates the agency's administrative response to the COVID-19 pandemic—including health and safety measures and remote work support—which has allowed over 90% of MMB employees to transition to remote work with minimal disruptions to MMB's services

### PURPOSE AND CONTEXT

Agency Administration provides oversight, management, and support to all MMB operations. It also consists of a compilation of functions within the scope of the work of MMB. Several of these functions provide internally facing services to MMB employees, such as administrative services, fiscal services, and human resources. Other functions within Agency Administration provide services to the state government enterprise, local governments, Legislature, and the public, including legislative and intergovernmental affairs, legal services, and the administration of the Governor's Children's Cabinet, Office of the Chief Inclusion Officer, and the Combined Charities Campaign. Additionally, the Agency Administration activity oversees the operations of the eight enterprise IT systems, including the state's accounting, budgeting, and human resources systems.

### SERVICES PROVIDED

- Manage the department's financial operations, including the processing of MMB's operating, non-operating, and debt service expenses and revenues.
- Support and manage about 265 employees by providing administrative and human resources support and ensuring compliance with statewide and departmental human resources policies and procedures.
- Coordinate legislative initiatives for MMB, which includes conducting legislative outreach, providing agency committee testimony, completing fiscal notes, monitoring relevant proposed changes to the law, and responding to legislative inquiries.
- Provide advice on legal compliance and litigation management to MMB and the Governor's Office and provide employment law advice to human resources staff and management across the executive branch.
- Produce several high-profile documents, including the Governor's Biennial Budget, Budget and Economic Forecasts, and the state's Comprehensive Annual Financial Report (CAFR).
- Provide administrative support to the Combined Charities Campaign, which allows State of Minnesota employees to make donations to Minnesota charitable organizations through payroll deductions.
- Develop, plan, and direct the completion of business-related projects, including enterprise IT system projects, in support of agency priorities.

- Support the administration and management of Minnesota’s Children’s Cabinet, an interagency partnership charged with carrying out an agenda for children and families, including coordination of policy and administrative strategies, convening leadership, and engaging state and external stakeholders.
- Through the Office of the Chief Inclusion Officer, implement a statewide vision for equity and inclusion by facilitating the work of the One Minnesota Council on Equity and Inclusion and aligning work across the state government enterprise.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of MMB staff who self-report as minority race or ethnicity	21%	18%	2019, 2020
Quality	Percent of MMB staff who self-report as having a disability	7%	9%	2019, 2020
Quality	Percent of MMB staff retained for at least two years	85%	89%	2018, 2019
Results	Percent of MMB staff who would recommend MMB as a place to work	N/A	78%	2018
Quality	Percent statewide system user survey respondents reporting overall satisfaction with the system at neutral or above (Note: system satisfaction results for the state’s budget systems can be found in the Budget Services Budget Activity Narrative):  -SEMA4 (HR and Payroll System) -Enterprise Learning Management (ELM) -Statewide Integrated Financial Tools (SWIFT) (excluded from 2019 survey due to system upgrades) -Data Warehouse (DW)	98% N/A 86% N/A	87% 75% N/A 81%	2017, 2019

Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the legal authority for MMB’s Agency Administration budget activity.

## Agency Administration

## Activity Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	93,784	11,319	10,697	11,840	10,553	10,553
2000 - Restrict Misc Special Revenue	78	83	72	20	76	76
2001 - Other Misc Special Revenue	11,299	16,711	16,283	14,208	11,833	11,599
3010 - Coronavirus Relief			505	534	81	
<b>Total</b>	<b>105,161</b>	<b>28,113</b>	<b>27,557</b>	<b>26,602</b>	<b>22,543</b>	<b>22,228</b>
Biennial Change				(79,115)		(9,388)
Biennial % Change				(59)		(17)
<b><u>Expenditures by Category</u></b>						
Compensation	3,973	4,561	5,337	5,705	5,452	5,436
Operating Expenses	19,544	23,463	22,180	20,818	16,881	16,739
Grants, Aids and Subsidies	81,529					
Capital Outlay-Real Property			0			
Other Financial Transaction	115	89	39	79	210	53
<b>Total</b>	<b>105,161</b>	<b>28,113</b>	<b>27,557</b>	<b>26,602</b>	<b>22,543</b>	<b>22,228</b>
Total Agency Expenditures	105,161	28,113	27,557	26,602	22,543	22,228
Internal Billing Expenditures			174	196	185	185
<b>Expenditures Less Internal Billing</b>	<b>105,161</b>	<b>28,113</b>	<b>27,383</b>	<b>26,406</b>	<b>22,358</b>	<b>22,043</b>
<b><u>Full-Time Equivalent</u></b>	<b>40.44</b>	<b>42.55</b>	<b>46.28</b>	<b>50.71</b>	<b>47.41</b>	<b>47.03</b>

# Agency Administration

# Activity Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In	272,370	146		137		
Direct Appropriation	10,285	10,907	10,862	10,593	10,593	10,593
Transfers In	583	2,050		1,367		
Transfers Out	706	1,758	28	257	40	40
Cancellations	188,662	26	0			
Balance Forward Out	86		137			
<b>Expenditures</b>	<b>93,784</b>	<b>11,319</b>	<b>10,697</b>	<b>11,840</b>	<b>10,553</b>	<b>10,553</b>
Biennial Change in Expenditures				(82,567)		(1,431)
Biennial % Change in Expenditures				(79)		(6)
Full-Time Equivalents	17.26	17.65	17.51	17.51	17.32	17.25

## 2000 - Restrict Misc Special Revenue

Balance Forward In	9	10	13	15	10	8
Receipts	79	85	74	15	74	74
Balance Forward Out	10	13	15	10	8	6
<b>Expenditures</b>	<b>78</b>	<b>83</b>	<b>72</b>	<b>20</b>	<b>76</b>	<b>76</b>
Biennial Change in Expenditures				(69)		60
Biennial % Change in Expenditures				(43)		66
Full-Time Equivalents				0.04	0.02	0.02

## 2001 - Other Misc Special Revenue

Balance Forward In	13,537	13,101	7,802	3,063	250	13
Receipts	10,338	10,819	11,994	11,545	11,596	11,596
Transfers Out			450	150		
Balance Forward Out	12,577	7,209	3,063	250	13	10
<b>Expenditures</b>	<b>11,299</b>	<b>16,711</b>	<b>16,283</b>	<b>14,208</b>	<b>11,833</b>	<b>11,599</b>
Biennial Change in Expenditures				2,481		(7,059)
Biennial % Change in Expenditures				9		(23)
Full-Time Equivalents	23.18	24.90	28.77	30.86	30.07	29.76

## 3010 - Coronavirus Relief

Balance Forward In					81	
Direct Appropriation			525	615	0	0

# Agency Administration

# Activity Financing by Fund

*(Dollars in Thousands)*

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
Cancellations			19			
Balance Forward Out				81		
<b>Expenditures</b>			<b>505</b>	<b>534</b>	<b>81</b>	
Biennial Change in Expenditures				1,039		(958)
Biennial % Change in Expenditures						(92)
Full-Time Equivalents				2.30		

**Program:** Statewide Services

**Activity:** Enterprise Communications and Planning

[mn.gov/mmb](http://mn.gov/mmb)

**AT A GLANCE**

- Support internal and external stakeholders in effectively and efficiently executing financial, human resources, and other key enterprise activities, through coordinated communications, strategic planning, consistent branding, plain language, accessibility, and improved digital formats
- Tracked 244 interactions with agencies in the Internal Control and Accountability unit in fiscal year 2019
- Provided over 17,000 hours of consulting services on 140 projects for 37 client agencies in fiscal year 2019
- Ensure state agencies have procedures and communicate information that allows state government to continue its critical operations in case of a catastrophic event, emergency, or continuity situation

**PURPOSE & CONTEXT**

Enterprise Communications and Planning provides critical services to the enterprise to ensure employees, agencies, and agency leaders have the tools and information they need to effectively do their work. Members of the team focus their work on proactive and inclusive strategies to create a culture of collaboration, communication, and information-sharing throughout our agency and the enterprise. These functions are also integral in achieving MMB’s mission and vision as described in the agency profile.

This division is made up of four groups, all of which play key roles in ensuring strategic planning and communications to and on behalf of the entire enterprise: Management Analysis and Development (MAD), Business Continuity, Communications, and Internal Controls and Accountability.

**SERVICES PROVIDED**

- Communicate key initiatives and information to MMB, the enterprise, and to the public using all communication channels while promoting a uniform brand.
- Provide internal control and accountability consultation across state government to improve internal controls.
- Provide consultation in Continuity of Operations (COOP) planning or in response to all hazards, including violent events, catastrophic disasters, and emergencies. Act as the statewide lead in events that disrupt services within state government, such as the COVID-19 pandemic.
- Provide problem-solving assistance and information to help leaders and managers make decisions that improve efficiency and effectively use state resources.

**RESULTS**

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of agency heads that submitted the annual internal control certification	98.7%	100%	FY 2017, FY 2018

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Organizations improved due to Management Analysis and Development (MAD) work, according to post-engagement client feedback questionnaires	98%	98%	FY 2018, FY 2019
Quantity	Demand for Management Analysis and Development services <ul style="list-style-type: none"> <li>• Total consulting hours</li> <li>• Number of projects</li> <li>• Number of agencies served</li> </ul>	16,000 117 32	17,395 140 37	FY 2018, FY 2019
Quality	Percent of continuity of operations plans refreshed annually	N/A	To be determined (new measure)	
Quality	Percent of continuity exercises completed according to schedule (agency and enterprise)	N/A	To be determined (new measure)	
Quality	Engagement rate from email communication campaigns designed to build employee/public awareness. Engagement rate shows how many of our email (GovDelivery) subscribers are interacting with our content and responding to our communication efforts over time.	47.4%	68.5%	FY 2018, FY 2019

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Minnesota Statutes, Chapters 16A (<https://www.revisor.mn.gov/statutes/cite/16A>) and 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provide the legal authority for MMB's Enterprise Communications and Planning activities.

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
1000 - General	975	1,217	1,216	1,024	1,209	1,209
5200 - Management Analysis	6,380	8,579	8,484	7,507	7,784	7,861
<b>Total</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,531</b>	<b>8,993</b>	<b>9,070</b>
Biennial Change				1,080		(168)
Biennial % Change				6		(1)
<b><u>Expenditures by Category</u></b>						
Compensation	2,872	3,137	3,529	3,473	3,732	3,809
Operating Expenses	4,471	6,657	6,007	4,979	5,183	5,183
Capital Outlay-Real Property	0	0	79			
Other Financial Transaction	12	2	86	79	78	78
<b>Total</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,531</b>	<b>8,993</b>	<b>9,070</b>
Total Agency Expenditures	7,355	9,796	9,700	8,531	8,993	9,070
Internal Billing Expenditures				50	50	50
<b>Expenditures Less Internal Billing</b>	<b>7,355</b>	<b>9,796</b>	<b>9,700</b>	<b>8,481</b>	<b>8,943</b>	<b>9,020</b>
<b><u>Full-Time Equivalent</u></b>	<b>25.52</b>	<b>27.36</b>	<b>29.37</b>	<b>27.51</b>	<b>28.76</b>	<b>28.75</b>

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>1000 - General</b>						
Balance Forward In		99	0			
Direct Appropriation	1,074	1,076	1,045	1,045	1,209	1,209
Transfers In		162	171			
Transfers Out		118		21		
Cancellations		3				
Balance Forward Out	99					
<b>Expenditures</b>	<b>975</b>	<b>1,217</b>	<b>1,216</b>	<b>1,024</b>	<b>1,209</b>	<b>1,209</b>
Biennial Change in Expenditures				48		178
Biennial % Change in Expenditures				2		8
Full-Time Equivalents	8.02	8.47	9.20	7.34	8.59	8.58

**5200 - Management Analysis**

Balance Forward In	1,095	1,282	1,617	1,507	1,507	1,565
Receipts	6,504	7,882	8,375	7,507	7,842	7,920
Balance Forward Out	1,218	585	1,507	1,507	1,565	1,624
<b>Expenditures</b>	<b>6,380</b>	<b>8,579</b>	<b>8,484</b>	<b>7,507</b>	<b>7,784</b>	<b>7,861</b>
Biennial Change in Expenditures				1,032		(346)
Biennial % Change in Expenditures				7		(2)
Full-Time Equivalents	17.50	18.89	20.17	20.17	20.17	20.17

## Program: Statewide Insurance

[mn.gov/mmb/](http://mn.gov/mmb/)

### AT A GLANCE

- Provide insurance benefits to over 132,000 state employees, dependents, and retirees annually in all three branches of state government, Minnesota State Colleges and Universities, and certain quasi-state agencies
- An innovative benefit design encourages members to use the most efficient health care providers. In 2020, 93% of SEGIP members were enrolled in primary care clinics assigned to the lowest cost levels
- 7,075 state employees lost more than 56,400 pounds in 2019 through an innovative diabetes prevention program launched in 2015
- SEGIP collected \$1.024 billion in insurance premiums and administrative fees from state agencies, employees/retirees, and other participating groups in calendar year 2019
- Health insurance accounted for approximately 90% of premiums and fees in 2019, while all other benefits combined accounted for the remaining 10%
- Public Employees Insurance Program (PEIP) provides insurance benefits to 53,000 active employees, dependents, and retirees in 441 public sector employer groups (184 school districts, 152 cities and townships, 22 counties, and 83 other local units of government)
- In response to the COVID-19 pandemic, added provisions to its health plans eliminating out-of-pocket costs for COVID-19 testing, adjusted waiting times for certain members, and offered a special enrollment period

### PURPOSE & CONTEXT

Statewide Insurance provides health insurance benefits to Minnesota public sector employees, dependents, and retirees and consists of two distinct programs. The State Employee Group Insurance Program (SEGIP) offers comprehensive insurance benefits to ensure state employees and their families have access to high-quality services at an affordable cost. These benefits include health, dental, life, as well as long and short-term disability. In addition, SEGIP administers pre-tax accounts for medical and dental care, dependent care, and transit expenses. Insurance benefits are a valuable component of compensation that helps the state attract and retain a talented workforce while keeping them and their families healthy.

As Minnesota's largest employer purchaser of health care, SEGIP has influence in the marketplace and uses purchasing strategies designed to contain cost and provide access to high quality care. SEGIP also has a comprehensive set of initiatives that promote employee health and well-being, which result in a healthier and more productive state workforce and which also lower health care costs.

The Public Employees Insurance Program (PEIP), is a health, dental, and life insurance pool offered to local units of government to help public sector employers obtain competitive health insurance rates.

### SERVICES PROVIDED

- SEGIP's and PEIP's health insurance plans, the Minnesota Advantage Health Plan and PEIP Advantage Health Plans, are self-insured plans. They have a tiered network design that encourages members to choose primary care clinics that are the most cost-efficient while still allowing access to higher-cost clinics. Because the state is such a large purchaser of health care, this benefit design also enables the state to obtain better prices from providers that wish to be placed in the most favorable cost tiers which attract

the most members. In this way, SEGIP and PEIP can maintain a broad choice of providers while also containing cost growth.

- SEGIP’s and PEIP’s contracts with medical, dental, and pharmacy administrators include incentives related to cost management, health outcomes, and provider network management and operational performance.
- SEGIP and PEIP support expanded use of value-based payment arrangements between health care providers and our health plan administrators. Compared to traditional fee for service payments, value-based payment arrangements include stronger incentives related to cost containment and quality.
- SEGIP promotes employee health and wellness, which supports greater workplace productivity and better population health. For example, SEGIP offers financial incentives for employees who earn points by engaging in physical activity, complete online programs, or pursue other wellbeing activities. Other prevention initiatives include a successful diabetes prevention program and annual flu shot clinics. SEGIP’s health plan administrators also identify and engage members with conditions like diabetes, asthma, back pain, and depression in order to better manage their conditions and improve health.
- SEGIP health plan adult members diagnosed with diabetes have access to the Advantage Value for Diabetes (AVD) benefit which reduces out-of-pocket costs for certain high-value medical services, prescription drugs, and testing supplies, which reduces the progression of diabetes and the risk of costly complications. The AVD pilot began January 1, 2018.

## RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of medical expenditures made through value-based payment methods	59.3%	56.4%	2018 2019
Quality	Percent of plan participants enrolled in primary care clinics at the two lowest cost levels	83%	93%	2019 2020
Results	Number of prediabetes program participants who have reduced their risk by 50% or more	2,093	2,132	2018 2019
Quality	PEIP medical claims costs (per member per month) growth per measurement period. PEIP’s goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.	4.4%	7.6%	07/1/17 - 06/30/18, 07/1/18 - 06/30/19

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Minnesota Statutes, Chapter 43A (<https://www.revisor.mn.gov/statutes/cite/43A>) provides the legal authority for the Statewide Insurance program.

# Statewide Insurance Programs

# Program Expenditure Overview

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b><u>Expenditures by Fund</u></b>						
4700 - Public Employees Insurance	156,327	208,210	261,930	332,189	395,690	471,790
5600 - State Employees Insurance	928,897	1,008,056	974,050	1,023,279	1,108,674	1,179,997
6000 - Miscellaneous Agency	35,430	37,268	37,159	38,873	39,860	40,375
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>
Biennial Change				293,292		568,906
Biennial % Change				12		21

## **Expenditures by Activity**

State Employee Group Ins Pgrm	964,327	1,045,324	1,011,209	1,062,152	1,148,534	1,220,372
Public Employees Insurance Pgrm	156,327	208,210	261,930	332,189	395,690	471,790
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>

## **Expenditures by Category**

Compensation	4,695	4,733	4,812	5,373	5,263	5,268
Operating Expenses	1,115,956	1,248,790	1,268,327	1,388,966	1,538,959	1,686,892
Other Financial Transaction	3	11	0	2	2	2
<b>Total</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,273,139</b>	<b>1,394,341</b>	<b>1,544,224</b>	<b>1,692,162</b>

Total Agency Expenditures	1,120,654	1,253,534	1,273,139	1,394,341	1,544,224	1,692,162
Internal Billing Expenditures			227	227	227	227
<b>Expenditures Less Internal Billing</b>	<b>1,120,654</b>	<b>1,253,534</b>	<b>1,272,912</b>	<b>1,394,114</b>	<b>1,543,997</b>	<b>1,691,935</b>

## **Full-Time Equivalent**

	47.63	46.61	45.48	49.62	49.40	49.30
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# Statewide Insurance Programs

# Program Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base	
					FY22	FY23
<b>4700 - Public Employees Insurance</b>						
Balance Forward In	61,739	78,340	81,810	93,158	93,169	92,404
Receipts	172,823	211,680	273,278	332,200	394,925	469,543
Balance Forward Out	78,235	81,810	93,158	93,169	92,404	90,157
<b>Expenditures</b>	<b>156,327</b>	<b>208,210</b>	<b>261,930</b>	<b>332,189</b>	<b>395,690</b>	<b>471,790</b>
Biennial Change in Expenditures				229,581		273,361
Biennial % Change in Expenditures				63		46
Full-Time Equivalents	1.54	1.60	1.71	1.80	1.80	1.80

## 5600 - State Employees Insurance

Balance Forward In	256,829	293,127	295,071	389,601	480,751	565,385
Receipts	964,430	1,008,833	1,068,608	1,114,464	1,193,343	1,303,029
Transfers In	2,113	11,723	20,256	1,064	1,064	1,064
Transfers Out	2,133	11,744	20,284	1,099	1,099	1,099
Balance Forward Out	292,342	293,884	389,601	480,751	565,385	688,382
<b>Expenditures</b>	<b>928,897</b>	<b>1,008,056</b>	<b>974,050</b>	<b>1,023,279</b>	<b>1,108,674</b>	<b>1,179,997</b>
Biennial Change in Expenditures				60,377		291,342
Biennial % Change in Expenditures				3		15
Full-Time Equivalents	46.09	45.01	43.77	47.82	47.60	47.50

## 6000 - Miscellaneous Agency

Balance Forward In	5,642	7,286	8,159	10,312	11,190	11,480
Receipts	37,074	38,141	39,312	39,751	40,150	40,563
Balance Forward Out	7,286	8,159	10,312	11,190	11,480	11,668
<b>Expenditures</b>	<b>35,430</b>	<b>37,268</b>	<b>37,159</b>	<b>38,873</b>	<b>39,860</b>	<b>40,375</b>
Biennial Change in Expenditures				3,334		4,203
Biennial % Change in Expenditures				5		6