

Agency Purpose

Minnesota Management & Budget (MMB) is responsible for managing and providing leadership in state finances, human resources, enterprise systems and analysis. Our mission is to increase state government’s capacity to manage and utilize financial, human, information and analytical resources to ensure exceptional service and value for Minnesota’s citizens.

At A Glance

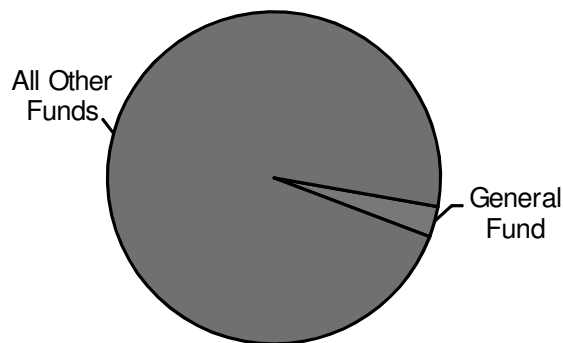
Statewide Services:

- Provides accounting and budget management for the state’s \$59.8 billion two-year budget
- Provides financial control and human resource management to 130 state agencies
- Provides consulting and training services to state agencies and other public entities
- Negotiates and administers nine bargaining agreements and two compensation plans affecting 38,300 executive branch employees
- Processes nearly 100,000 applicant resumes annually
- Pays on average 50,000 employees bi-weekly
- Manages 139 separate state fund classes through 5,200 separate accounts
- Processes 1.1 million cash deposits and issues 1.2 million payments each year
- Conducts bond sales and manages about \$5.7 billion in outstanding general obligation debt
- Manages financial transactions totaling \$53 billion including investment and reinvestment activity

Insurance Services:

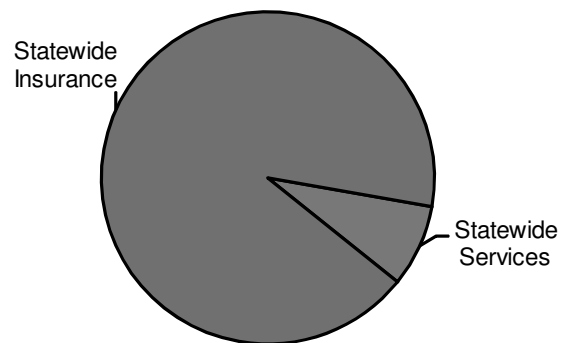
- Develops and manages health, dental, life insurance and other benefits for state employees, retirees, and their families, totaling over 120,000 covered individuals

Est. FY 2010-11 Expenditures by Fund



Source: Minnesota Accounting & Procurement System (MAPS)

Est. FY 2010-11 Expenditures by Program



Source: Minnesota Accounting & Procurement System (MAPS)

Strategies

The department utilizes several strategies to address its mission. These include:

- Management of accounting and human resources systems necessary to support daily activities of the state
- Reporting and forecasting needed to understand state activities and anticipate issues
- Oversight, controls, and outreach needed to ensure overall integrity of state operations
- Negotiation and decision-making support required in collective bargaining and budget processes

- Direct service delivery to meet enterprise requirements including state banking transactions, employee health insurance, and management consulting

Operations

Minnesota Management and Budget is the result of a merger and reorganization that went into effect in 2008. The merger combined the former departments of Finance and Employee Relations and the Management Analysis Division from the Department of Administration. Only 3% of the new entity's on-going budget comes from the General Fund and is used to support the agency's statewide activities. This share of the agency budget has been declining over time.

The remaining 97% of the agency's budget is composed of non-general fund dollars from state employee benefit programs and billings for statewide administrative systems that are used specifically for those functions. SEGIP benefits are funded by premiums collected from state agencies, employees, and self-paid participants and by an administrative fee charged to participating employers. Funds for statewide administrative systems are collected from state agencies based on the volume of transactions generated in the accounting and payroll systems. Insurance revenues (and spending) have increased each year but statewide system billings have been relatively stable.

In the current biennium, an additional, non-recurring part of the department budget is the SWIFT project which will replace the state's accounting and procurement systems. This effort, which is expected to be concluded in FY 2012, was authorized in the 2009 legislative session and funded through lease-purchase financing.

The number of full-time employees is 327 on July 1, 2010, with 181 supported by the General Fund and the remainder by the other sources described above.

The department operates under two programs, Statewide Services and Statewide Insurance. They are described below.

Statewide Services: Includes all financial, human resources, and management activities except for insurance and has nine activities:

Accounting Services: provides financial management assistance to agencies, administers the accounting and payroll systems, and reports on the state's financial condition.

Budget Services: coordinates the development and production of the governor's operating and capital budgets and assists legislative committees in their review and deliberations. It also provides financial oversight and technical assistance and support for agencies, and analysis and information for agencies, the governor, the legislature and the public.

Economic Analysis: prepares the financial forecasts that identify projected state revenues and expenditures and related information and analysis.

Information Systems: provides technical support for the state's administrative information systems, which include the accounting and procurement system, the payroll and human resources system and the information access system. It also provides technical support for the budget information systems, treasury investment application and the agency's computer network and infrastructure.

Treasury: performs a variety of daily treasury and cash management functions, establishes banking services for state agencies, accesses the capital markets to provide financing for capital projects and equipment, and administers the state's tax exempt bonding allocation law.

Management Analysis and Development: provides fee-for-service consulting and training services to state and local government, higher education and other public sector organizations.

Human Resource Management: administers the state’s merit system and provides a wide variety of human resource products and services including systems, processes and programs for workforce planning, recruiting and selection, applicant support, training, charitable giving, diversity development, affirmative action and compliance with the Americans with Disabilities Act.

Labor Relations: represents the state executive branch in negotiating and administering collective bargaining agreements and compensation plans and in arbitrating employee grievances.

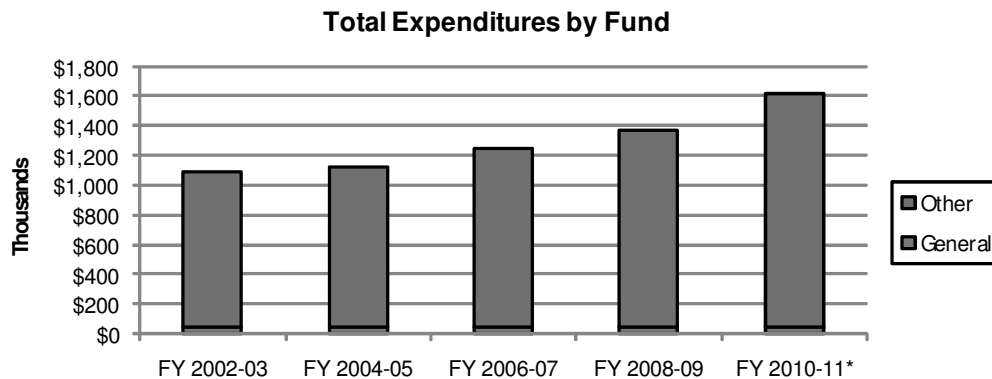
Agency Administration: provides human resources, fiscal and administrative support for the department and includes the agency leadership and staff in the Commissioner’s Office.

Statewide Insurance: Administers employee insurance benefits for the state of Minnesota and has two budget activities:

State Employee Group Insurance Program (SEGIP): develops and manages insurance benefits for eligible state employees, retirees, and their dependents to help attract and retain a strong and productive workforce.

Public Employee Insurance Program (PEIP): offers local units of government group health, dental, and life insurance for their eligible employees, retirees, and their dependents.

Budget Trends



* FY 2010-11 is estimated, not actual. Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS) as of 08/23/10.

Several external factors impact the agency’s operations. These include:

1. Technology changes. The agency can collect more data and manage it better than in the past. Since MMB maintains statewide business systems along with smaller technology applications, it has a responsibility for adopting new applications that can help provide better information or support other agencies operations.
2. Aging workforce. The state has a workforce in which nearly 3,000 employees are expected to retire in the next two years. This presents agency and statewide human resources challenges to ensure that new employees have the knowledge and skills necessary to maintain state functions.
3. Health care market. Employer sponsored health insurance costs are rapidly increasing. MMB has a statewide obligation to continue searching for strategies that slow health care cost growth for the state employees and manage a plan within the rules of the changing marketplace.

Contact

Office of the Commissioner: 651-201-8024
<http://www.mmb.state.mn.us/home>

By statute, Minnesota Management & Budget manages several special statewide accounts that are not a part of its day-to-day operations. These responsibilities include the statutory requirement to receive the state's share of various monies collected by the counties and judicial districts as fees, fines, assessments and surcharges. As a group, these accounts are referred to as non-operating accounts. These accounts deal with a broad range of subjects, including local pensions, debt service, tort claims and general contingency accounts. The non-operating account also serves as a pass through for federal funding for payments in lieu of taxes to local units of government where national forests are located.

These accounts are not included in the agency wide financial summary presented earlier.

Core Functions

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.

FUND (Dollars in Thousands)	FY 2010		FY 2011	FY 2012-13
	Appr.	Spent	Appr.	Rec. Appr.
General Fund (100)	500	0	500	500
State Government Misc. (170)	400	0	400	400
State Airports (220)	50	0	50	50
Trunk Highway (270)	200	0	200	200
Highway User Tax Distribution (280)	125	0	125	125
Workers Compensation (320)	100	0	100	100
Total All Funds	1,375	0	1,375	1,375

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 M.S. 3.736, subd. 7, "a state agency, including an entity defined as part of the state in Section 3.732, subd. 1, incurring a tort claim judgment or settlement obligation shall seek approval to make payment by submitting a written request to the commissioner of Minnesota Management & Budget. If the commissioner of Minnesota Management & Budget determines that the agency has sufficient money in its appropriation accounts, the claim will be paid from these accounts. Otherwise, the payment will be made from the appropriation made to the commissioner of Minnesota Management & Budget for tort claim payments.

FUND (Dollars in Thousands)	FY 2010		FY 2011	FY 2012-13
	Appr.	Spent	Appr.	Rec. Appr.
General Fund (100)	161	0	161	161
Trunk Highway (270)	600	311	600	600
Total All Funds	761	311	761	761

Additional funding was appropriated to MMB in Minnesota Laws of 2008, Chapter 288, Section 6, for I-35W bridge special compensation payments. The following table summarizes the activity to date in these appropriations.

Appropriation Name	Appropriation Amount	Amount Expended Through 11/30/10
Compensation to Survivors	\$24,000,000	\$24,000,000
Supplement Payments	\$12,640,000	\$12,640,000
Administrative Expenses	\$ 750,000	\$ 750,000
Special Master Panel Services \$624,999		
Special Master Expenses/Staff Costs \$118,920		
Administrative Costs - Printing, Website, Communications,		
Postage and Supplies \$ 6,081		
Total \$750,000		
Waite House/Pillsbury United Communities	\$ 610,000	\$ 610,000
TOTALS	\$38,000,000	\$38,000,000

Indirect Costs: Under M.S. 16A.127, state agency operating activities with non-General Funds (primarily federal) are obligated to prepare an agency wide cost allocation plan and submit it to their appropriate federal agency for approval. This plan must include agency indirect costs, which are administrative support costs that are not directly charged to a specific program. Agencies are required to reimburse the General Fund for any portion of these costs that were originally funded by the General Fund and that were used to support non-General Fund activities. In addition, these non-General Fund activities also rely on support from some of the centralized statewide systems financed by the General Fund. The non-General Fund activities must also reimburse the General Fund for these statewide indirect costs. The commissioner of MMB prepares a plan each year that identifies the sources and amounts of each agency's statewide indirect costs. The commissioner submits this plan to the appropriate federal agency for approval, and notifies the governor and legislature. The commissioner also records all of the agency and statewide indirect cost reimbursements to the General Fund.

Debt Service: This account pays principal and interest on general obligation long-term debt. On December 1 of each year, the commissioner of Minnesota Management & Budget must transfer to the Debt Service Fund an amount sufficient (with balance on hand and interest income) to pay all principal and interest on bonds due in the following 19 months. The Minnesota Constitution requires the state auditor to annually levy a statewide property tax sufficient to pay debt service through this 19-month period if sufficient funds are not available. Historically, the legislature has made specific debt service appropriations to the commissioner of Finance in order to eliminate the need for levying the statewide property tax. Debt service appropriations are broken down into two categories: existing debt and new issues.

(Dollars in Thousands)

	Actual FY2010	Projected FY2011	Projected (Gov Rec) FY2012	Projected (Gov Rec) FY2013
<i>Outstanding Debt</i>				
Total	4,961,875	5,480,935	5,773,246	6,032,631
General Fund Debt Service Appropriation				
Existing Bond Authorizations	429,123	526,160	567,789	544,661
New Bond Authorizations	0	0	2,021	26,931
Total	429,123	526,160	569,810	571,592

Contact

For additional information contact:
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