

Table of Contents
2016-17 Biennial Budget – Minnesota Management & Budget

Agency Profile – Minnesota Management & Budget	1
Accounting Services.....	3
Budget Services	4
Economic Analysis	6
Debt Management.....	8
Management Analysis & Development.....	10
Enterprise Human Resources	11
Labor Relations	12
Agency Administration.....	14
Employee Learning & Development	15
State Employee Group Insurance Plan	16
Public Employees Insurance Program	18

<http://www.mn.gov/mmb/>

AT A GLANCE

- Approximately 260 employees manage the financial and employee relations responsibilities of the state
- Coordinate biennial budget process for over 100 agencies, boards, commissions, and the legislative and judicial branches
- Oversee and maintain human resource policy for over 100 state agencies, boards, and councils, including recruitment, retention, talent management, classification, compensation, and training
- Manage \$5.7 billion in state public debt
- Process an average of 54,000 vendor payments per week
- Process approximately 55,000 employee paychecks twice a month
- The State Employee Group Insurance Program manages health benefits for approximately 120,000 employees and dependents
- Responsible for producing twice a year budget and economic forecasts
- Negotiate contracts with nine state employee bargaining units

PURPOSE

Minnesota Management & Budget (MMB) is responsible for managing state finances, payroll and human resources and provides systems for daily business operations and information access and analysis.

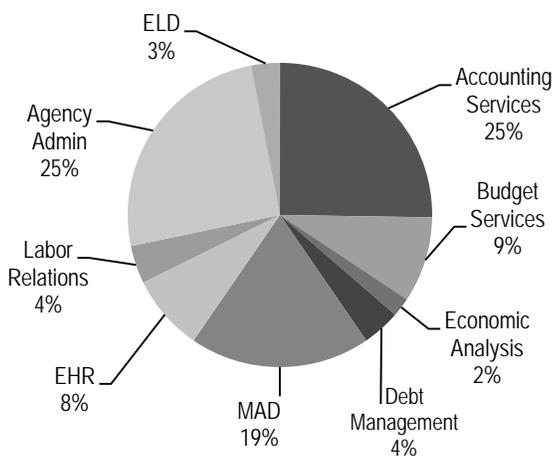
Our mission is to manage state government's financial, workforce and information resources to support effective and efficient services for Minnesotans. MMB is a central service agency, serving the governor, the legislature, over 100 state government entities, 54,000 state employees and the public. The priorities of MMB include:

- Supporting the governor in establishing policies, and proposing and implementing budgets that benefit the people of Minnesota.
- Providing information that is accessible, consistent, objective, timely, and accurate to state agencies, the legislature and citizens.
- Providing financial, human resources, and management expertise to help state government meet its goals and responsibilities in an effective and efficient manner.
- Creating a culture in state government that is supportive, constructive and healthy for our employees.

MMB directly contributes to the statewide outcome of **efficient and accountable government services**.

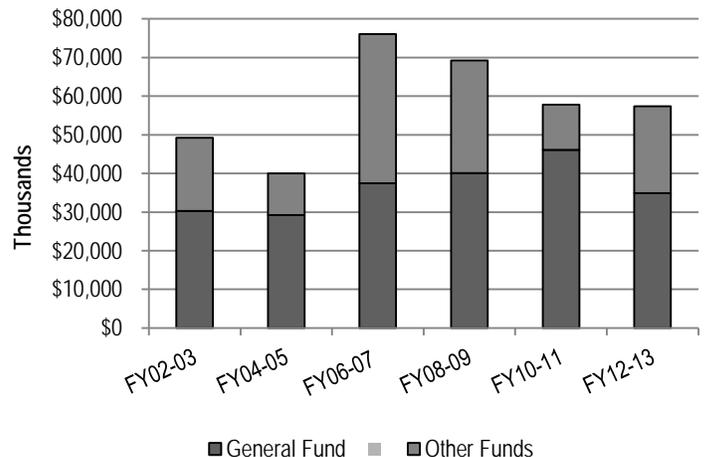
BUDGET

**Spending by Budget Activity
FY 13 Actual**



Source: SWIFT

Historical Spending



* See footnote below

Source: Consolidated Fund Statement

*The fluctuations in general fund spending are the result of the merger of the former Departments of Finance and Employee Relations, and one-time appropriations for system-related projects. The fluctuations in other fund spending are related to the merger (largely tied to SEGIP), the SWIFT Project, and the increase in MMB's enterprise fund activities.

STRATEGIES

MMB employs several strategies across two program areas to deliver its mission and support the statewide outcome of efficient and accountable government services. These include:

- **Statewide systems for** accounting and human resources necessary to support daily activities of the state
- **Information access,** forecasts and analysis to provide information on state activities and anticipate issues
- **Oversight, controls, and compliance outreach** needed to ensure overall integrity of state operations
- **Decision support activities** for budget development and collective bargaining processes
- **Operations management activities** such as cash management transactions, employee health insurance, and management consulting for all agencies, strategic workforce planning and management

M.S. 16A (<https://www.revisor.mn.gov/statutes/?id=16A>) provides the legal authority for MMB.

Program: Statewide Services
Activity: Accounting Services

<http://www.mn.gov/mmb/accounting>

AT A GLANCE

- 67,068 employees paid during CY 2013
- 2.8 million payments made to vendors during FY 2014
- 7,874 system users

PURPOSE & CONTEXT

Accounting Services is the foundation that supports the state's financial management operations. It provides the required infrastructure for efficient and effective accounting and payroll services that are conducted throughout the state. Our primary customers are state agencies, other governmental units, and the individuals and organizations that do business with the state.

SERVICES PROVIDED

We provide the following services:

- Establish statewide policies and procedures to safeguard assets and comply with legal requirements.
- Direct the operation of the statewide accounting and payroll systems.
- Process bi-weekly payroll for state employees and issue payments to various types of vendors including individuals, businesses, non-profit organizations, school districts, and other governmental units.
- Train and assist agency staff on the efficient and effective use of the statewide systems.
- 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>
Quality	Payroll checks issued that are voided	.028%	.035%	2013, 2014
Quality	State agency payments issued within 30 days	96.62%	97.29%	2013, 2014
Quality	Payments issued electronically	89.84%	91.20%	2013, 2014
Result	Achieve Certificate of Excellence in Financial Reporting and unqualified audit opinion for the Comprehensive Annual Financial Report	Both met	Both met	2012, 2013

The legal authority for MMB's Accounting Services activities comes from M.S. 16A. (<https://www.revisor.mn.gov/statutes/?id=16A>)

Program: Statewide Services

Activity: Budget Services

<http://www.mn.gov/mmb/budget/>

AT A GLANCE

- Budget assistance, guidance, instructions, monitoring and oversight provided to 150 agencies for the state's \$65 billion biennial budget
- Annual release of the February and November budget and economic forecast
- 3 new statewide budget systems under development
- 579 fiscal note requests received in 2014
- 16 results conferences convened with state agencies
- 28 internal service fund agency rate reviews and approvals

PURPOSE & 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 improve the efficient and effective use of state resources 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 citizens

SERVICES PROVIDED

Budget Services provides services to our customers 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.
- Educating and informing by increasing access to budget and fiscal policy information through the provision of statewide guidance and the development of the Budget Planning and Analysis, Fiscal Note Tracking and Capital Budget systems.
- Providing leadership and support for statewide results management in the publication of a statewide dashboard and by convening results conferences focused on population indicators.

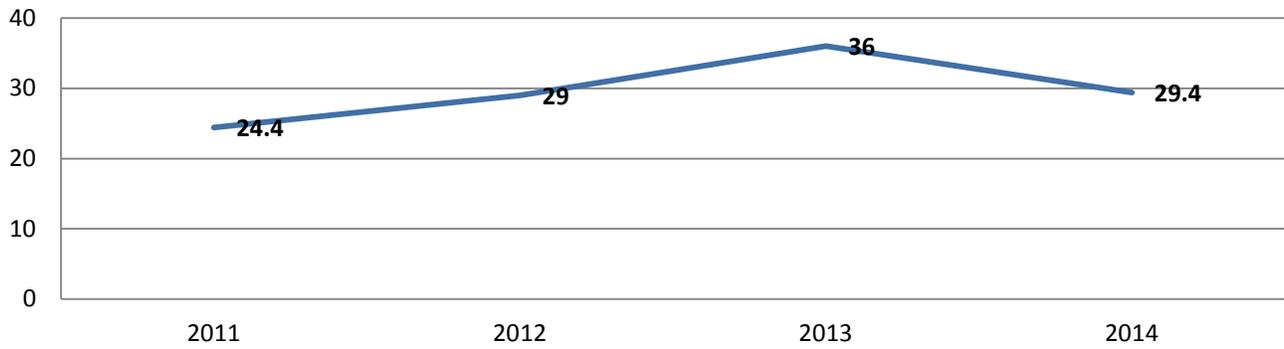
RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of survey respondents indicating that the budget system is meeting most or all of their business needs	22.1%	Not yet available*	July 2013
Quality	Percent of results management conference participants reporting the conference was valuable	Not available	100%	2014 YTD

* Follow-up survey planned for post 2015 Legislative Session.

1. **Percent of Fiscal Notes Completed by Date Requested (Measure of Quality).** The Budget Division strives to provide the legislature and the public with prompt fiscal estimates of proposed legislation during the legislative session. Reporting and tracking the timeliness of fiscal notes provided to the legislature determines how well the Budget Division and agencies are doing in meeting legislative requests for information in the time necessary to inform decision making on proposed legislation. In 2012, the Office of the Legislative Auditor issued a report on fiscal notes indicating that the due dates for fiscal notes should be extended to allow additional time to complete fiscal note requests. In 2013, MMB increased the due dates from 5 days to 8 days for non-urgent requests and from 3 to 5 days for urgent requests. Partly for this reason, since 2011 the percent of fiscal notes we provide to legislators and the public by their due dates has increased.

Percent of Fiscal Notes Completed by Date Requested



Notes:

1. 2011 and 2013 are budget year sessions.
2. 2012 and 2014 are non-budget year sessions
3. The 2014 session was significantly shorter than other legislative sessions.

M.S. 3.3005, 3.98, 3.986-989, 16A.04, 16A.06, 16A.095, 16A.10, 16A.103, 16A.11, 16A.122, 16A.1285, 16A.152, and 16A.93-94 provide the legal authority for the work of Budget Services.

Program: Statewide Services

Activity: Economic Analysis

mn.gov/mmb/forecast/

AT A GLANCE

Outputs (# per year)

- Budget & Economic Forecast (2)
- Revenue & Economic Update (4)
- Monthly Revenue Memo (8)
- Budget Reserve Report (1)
- Rating Agency Presentation (3)
- Data for bond sale Official Statement (2-3)
- Public Speaking Engagements (25+ events, reaching 2500+ individuals)
- Media Contacts (40+)

Resources

- Three FTE
- (2 economists / 1 model programmer)
- Minnesota State Economist
- (under contract with University of Minnesota)

PURPOSE & CONTEXT

Economic Analysis forecasts state tax revenues in November and February each year as required by state law ([M.S. 16A.103](#)). The November *Budget & 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 & Economic Forecast* to set the budget and to ensure, through short-term budget adjustments, that enacted budgets 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 & Economic Update* in January, April, July and October of each year. The *Revenue & 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 is used to improve the reliability of existing economic and revenue forecasting models and to inform state and local government policymakers, the academic and business communities, the media, and the general public about Minnesota's economic and financial condition.

SERVICES PROVIDED

Description of Primary Services:

- Credible and timely forecasts of major state general fund revenue sources, including 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; used to estimate the appropriate size for a state rainy day fund as required by state law ([M.S. 16A.152](#)).

RESULTS

A forecast error—the 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 produce added forecast errors. Nonetheless, revenue forecast errors provide a base performance measure for the primary activities of Economic Analysis.

Since accuracy in forecasting a single biennium's revenues should improve the closer we get to the end of the two-year period, we calculate separate errors for each time a biennium is part of the February forecast: 29, 17 and 5 months from closing. The results show, as expected, that our accuracy in forecasting a single biennium improves over time.

To determine whether our accuracy is *generally* improving, we compare the average forecast errors from the most recent three biennia to the errors over the longer term. We make this comparison for each of the three February forecasts. We find that the accuracy of the first February revenue forecast (29 months from closing) has **improved** modestly compared to the long-term trend. The accuracy of the second February forecast (17 months out) has remained **stable** relative to long-term trend. Finally, the accuracy of the third February revenue forecast (5 months out) has **worsened** compared to the long-term trend.

Economic Analysis Performance Measures

	MMB's Net Non-Dedicated Revenue Forecast Errors						Statistic Condition	CBO Comparable* (FY90-91 to FY12-13)	
	Long-Term Trend (FY90-91 to FY12-13)		Short-Term Trend (Absolute % Error vs. Actual)					RMSE	MAE
	RMSE	MAE	FY08-09	FY10-11	FY12-13	MAE			
1 st February Forecast (+29 months from Actual/Closing)	6.6%	5.4%	6.8%	1.9%	5.0%	4.6%	Improved	7.5%	6.0%
2 nd February Forecast (+17 months from Actual/Closing)	3.6%	3.2%	2.8%	1.5%	4.6%	3.0%	Stable	4.1%	3.3%
3 rd February Forecast (+5 months from Actual/Closing)	0.8%	0.7%	0.5%	1.0%	1.4%	1.0%	Worse	1.1%	0.9%

Technical Note: Economic Analysis uses two statistics to measure forecast accuracy. The mean-absolute error (MAE) is calculated by averaging the differences between the level of revenues forecast and the amount actually collected. The root-mean-square error (RMSE) is calculated by squaring the forecast errors and taking the square root of the average of the squared errors. Both measures ignore the signs of individual differences, so that positive and negative errors will not cancel each other out to produce a misleadingly small error. The RMSE penalizes revenue forecasts with large errors. The MAE weights small errors and large errors equally.

* Comparable revenue forecast error statistics for the Congressional Budget Office (CBO) are estimated by MMB.

CBO Benchmark: Because the Congressional Budget Office (CBO) produces objective, nonpartisan, and timely revenue projections and economic forecasts for the United States government, their forecast accuracy provides a useful benchmark to ours. We constructed comparable performance measures for CBO over the same years and forecast horizons as used in our analysis. The results show that Economic Analysis' forecasts are more accurate, as measured by long-term forecast errors, than CBO's.

The legal authority for MMB's Economic Analysis activities comes from [M.S. 16A.103](#) and [M.S. 16A.152](#) (<https://www.revisor.mn.gov/statutes/?id=16A>)

Program: Statewide Services

Activity: Debt Management

<http://www.mn.gov/mmb/treasury-bonding>

AT A GLANCE

- The State currently carries bond ratings on its general obligation bonds of Aa1/AA+/AA+ with Moody's, Standard & Poor's and Fitch rating agencies.
- In CY 2014, the State issued \$975 million in general obligation debt to finance authorized capital projects and \$542 million in appropriation bonds to finance the public portion of the Vikings stadium and the legislative office facility.
- In CY 2014, the State has financed \$2.5 million in technology and \$8.2 million for fleet services through the Master Lease Program.
- With the additional debt, the State is in compliance with the Capital investment guidelines.

PURPOSE & CONTEXT

The Debt Management Division is responsible for both debt management and capital budget implementation and the compliance associated with each. Both of these functions seek to increase state government's capacity to manage our resources to ensure exceptional service and value for Minnesota citizens. We serve state agencies, local government grantees, bondholders, the Governor, the legislature and their staff, and citizens.

SERVICES PROVIDED

Capital budget process: We assist agencies and local governments in implementing capital budget appropriations, both through bonding and cash appropriations, in accordance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and MMB's policies and procedures.

Debt management process: We work with financial advisors, legal counsel, rating and state agencies, underwriters and investors, to bring bonds or other debt instruments to market to obtain the most favorable interest rates to the state and remain in compliance with the Minnesota Constitution, state statutes and laws, federal rules and regulations, and policies and procedures, including the capital investment guidelines.

RESULTS

While no single entity or circumstance can claim to be responsible for Minnesota's outstanding debt position, having timely, relevant, accurate and objective information available from Debt Management helps decision makers to effectively make decisions affecting 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	Bond Rating. This tracks what the state's general obligation bond ratings were as of July 2012 compared to July 2014. In 2013, Moody's placed the state on a stable outlook from the negative outlook it currently had prior to 2013. <ul style="list-style-type: none"> • Moody's • Standard & Poor's • FITCH 	Aa1 (neg outlook) AA+ AA+	Aa1 AA+ AA+	July 2012 to August 2014

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Capital Investment Guidelines 1. Total tax-supported principal outstanding as a percent of state personal income (target: not greater than 3.25%) 2. Total amount of principal (both issued, and authorized but unissued) as a percent of state personal income (target: not greater than 6.0%) 3. General obligation bonds scheduled to mature within five years (40%)/within 10 years (70%)	2.44% 3.99% 35.6%/67.89%	2.97% 4.25% 40.5%/70.9%	February 2012 to February 2014 June 30, 2012 to June 30, 2014
Results	A comparison of the interest rates from year 1 to 10 of State general obligation bonds sold compared to a municipal bond index for similarly rated bonds.	The State's interest rates were less than the index (0.18%)	The State's interest rates were less than the index (0.11%)	August 2012 to August 2014

The legal authority for MMB's Debt Management activities comes from M.S. 16A. (<https://www.revisor.mn.gov/statutes/?id=16A>)

Program: Statewide Services
Activity: Management Analysis & Development

<http://mn.gov/mmb/mad/>

AT A GLANCE

In fiscal year 2014, MAD's 16 staff consultants provided more than 14,000 hours of consulting services on 96 projects for 24 client agencies.

PURPOSE & CONTEXT

The Management Analysis & Development (MAD) unit is the State's management consulting organization. We offer a wide range of consulting services to all state and other public sector organizations. Our staff consultants have worked on hundreds of projects for state agencies, boards and councils, the governor, the legislature, local units of government, K-12

schools and higher education institutions. We operate on a fee-for-service basis in a competitive market. Our clients have the option of contracting with private sector consultants or using their own, in-house staff. The direct customers are public sector managers and executives; however, the ultimate beneficiaries are the state agencies, other public entities, and the people who benefit from improved services.

SERVICES PROVIDED

Our staff consultants provide problem-solving assistance and information to help leaders and managers make and implement better decisions. Specific services include organizational effectiveness assessment and improvement, meeting design and facilitation, process mapping and service redesign, performance measurement, legislative studies, service quality improvement, program evaluation, grant writing, surveys, strategic planning and transition services.

We provide these services to improve efficiency and ensure the effective use of state resources.

RESULTS

Agencies that contract with us see improvements such as increased productivity, clearer direction, better working relationships, additional grant income, better data for decision making, and increased cooperation and consensus with stakeholders and partners. We evaluate performance based on client surveys. The survey focuses on three main questions:

- Whether the project had a positive impact on the client organization
- How satisfied the client was (rated on a 5-point scale, with 1 equaling "very dissatisfied" and 5 equaling "very satisfied")
- How likely the client is to engage with MAD again (rated on a 5-point scale, with 1 equaling "very unlikely" and 5 equaling "very likely")

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Organizations improved due to MAD's work	99%	100%	2012, 2014
Quality	Customer satisfaction with MAD projects	4.7	4.8	2012, 2014
Quality	Customers likelihood of engaging with MAD again	4.6	4.8	2012, 2014

The legal authority for MMB's MAD activity is provided under M.S. 43A.55 <https://www.revisor.mn.gov/statutes/?id=43A.55>.

Program: Statewide Services
Activity: Enterprise Human Resources

mn.gov/mmb/employee-relations/

AT A GLANCE

- Enterprise Human Resources (EHR) processes over 10,000 applications for state jobs each month
- Since 2012, the number of minorities hired into state government positions has increased by 5.29%

PURPOSE & CONTEXT

Enterprise Human Resources provides tools and infrastructure to our state agency human resources partners to help agency management recruit and retain a workforce to meet business goals. EHR develops and promotes sound policies in decision-making and a statewide view in the management of human resources.

SERVICES PROVIDED

- Deliver innovative and strategic human resource solutions 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 and develop policies and training to provide guidance to agencies to ensure that they are in compliance.
- Provides consultation and auditing assistance to ensure that agencies continue to comply with all legal authority.
- Develop and maintain systems to manage, store and retrieve human resource records and resources. These systems include application processing, learning management, and employee record management and payroll.
- Manage and provide oversight and consultation to the state’s compensation, classification, selection, pay equity, and talent strategy programs.
- Provide program management, auditing and compliance monitoring, and direction to the state’s equal opportunity, diversity, and inclusion program so the state government’s workforce is representative of the community it serves.
- Provide employment law consultation to ensure agencies act within the scope of the laws that govern.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity/Quality	% problematic agency audit results addressed	*Not available	100%	FY2014
Quantity	%of increase of protected group individuals hired, promoted, and retained in state employment	*Not available	*Not available	*Not available
Quality	% of key partners ranking EHR effectiveness at 4 or 5 on customer survey	*Not available	*Not available	*Not available
Quality	% of legislative bills influenced to support enterprise HR goals	*Not available	*Not available	*Not available
Quantity	% of employees receiving yearly performance feedback	78%	98%	FY2012, FY2014

*Most measures are new in fiscal year 2015. Actual measurement will be reflected in next biennium’s narrative.

[M.S. 43A](#) on state personnel management provides legal authority for this budget activity.

Program: Statewide Services

Activity: Labor Relations

<http://mn.gov/mmb/employee-relations/labor-relations/>

AT A GLANCE

- The State of Minnesota is the state's largest employer with approximately 52,000 employees.
- Negotiated 9 labor agreements covering 38,000 employees.
- Directed review and resolution of 889 contract grievances covering July 1, 2011 through June 30, 2014.
- Trained approximately 900 state managers, supervisors and human resources professionals in the areas of labor relations.

PURPOSE & CONTEXT

The mission of the Labor Relations Unit is to promote harmonious and productive relationships with labor organizations representing specific groups of state employees ("exclusive representatives") while balancing needs of management to provide efficient and accountable government services.

Our service population and clientele include the states 38,000 employees covered by collective bargaining agreements and the Commissioner's and Managers Plan, as well human resources, supervisory and managerial staff in the state's approximately 100 agencies and boards.

SERVICES PROVIDED

Collective Bargaining

- Develop labor relations policies, objectives, and strategies
- Represent the State in negotiations for collective bargaining agreements and the State Employee Group Insurance Program (SEGIP)
- Represent the State in contract mediation and interest arbitration where necessary to reach agreements
- Ensure that negotiated labor agreements maintain maximum degree of flexibility for management and contain economic settlements that are within the desires of the Governor and the state's ability to pay

Administration of Collective Bargaining Agreements

- Provide advice and counsel to State agencies on contract administration, including contract interpretation, employee misconduct investigations, employee discipline, and employee performance management
- Ensure there are consistent policies and practices across the enterprise and that management rights are not compromised
- 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, ethics, and managing employee leaves

Representation and Advocacy

- Represent the State in grievance mediation and settlement negotiations
- Investigate, prepare for and provide representation for the State in grievance arbitrations
- Represent the State on Labor/Management Committees and Meet and Confer projects
- Represent the State in all bargaining unit determinations and unit clarification proceedings
- Propose or respond to legislation affecting the State as an employer

RESULTS

Strategies are working if:

- A voluntary labor agreement is negotiated with the exclusive representative in a timely manner
- Labor agreements receive approval from the Legislative Subcommittee on Employee Relations and the full legislature
- Interest arbitration awards affirm the State's bargaining decisions and strategies

- Positive feedback is received from agencies on assistance provided in the day-to-day administration of labor contracts
- Grievances are avoided or resolved at the agency level
- Grievance arbitration awards uphold agency actions and decision-making in the areas of contract interpretation and employee misconduct
- State labor management committees, including the Joint Labor Management Committee on Health Insurance, contribute to positive and productive working relationships between the state and labor unions
- Training curriculum and delivery receives positive course evaluations

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	Percentage of contracts that result in voluntary negotiated settlements consistent with State's ability to pay.	100%	80%	July 1, 2011 to June 30, 2014
Results	Negotiate 5% cost sharing with employees who have single coverage health insurance.	No	Yes	June 28, 2013
Results	Grievance arbitration awards upholding the state's position.	Unknown	22	July 1, 2011 to June 30, 2014

M.S. 43A <https://www.revisor.mn.gov/statutes/?id=43A> and M.S. 179 <https://www.revisor.mn.gov/statutes/?id=179> provide the legal authority for MMB's Labor Relations Unit.

Program: Statewide Services
Activity: Agency Administration

<http://www.mn.gov/mmb>

AT A GLANCE

- Completed 172 requests for services in the Internal Control and Accountability unit in fiscal year 2014
- Agency human resources staff worked with managers and supervisors to fill 102 vacant positions
- Fiscal Services staff processed over 4,500 payments and over 97% of them were paid within 30 days
- 100% of major financial publications were published on time—governor’s budget recommendations, February and November economic forecasts, federally mandated financial reports

PURPOSE & CONTEXT

Agency Administration is a compilation of functions within the scope of the work of MMB, managed by the deputy commissioner. Several of these functions are internal to MMB—such as administrative and fiscal services, human resources, communications, and strategic planning. These areas serve all employees at MMB. Other functions are critical to state government as a whole—such as the work in the areas of internal control and continuity of government. These functions are integral parts of the department’s mission and vision as described in the agency profile.

SERVICES PROVIDED

- Provide internal control and accountability consultation across state government to improve internal controls
- Provide consultation in Continuity of Government (COG) planning or in response to all hazards, including terrorism and catastrophic disasters. Act as the statewide lead in an event that disrupts services within state government.
- Manage the department’s financial operations to maintain compliance with established policies and procedures
- Manage multiple websites, internal and external communications, as well as coordination of communication on relevant issues that affect all or most of state government operations
- Support and manage about 260 employees by ensuring compliance with statewide and departmental human resources policies and procedures
- Produce several key documents including the governor’s budgets, economic forecasts, and the state’s Comprehensive Annual Financial Report (CAFR)

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quality	Percent of commissioners and agency heads that submit a required annual internal control certification by completing a control environment self-assessment	100%	96%	FY 13 and FY14
Quality	Percent of employee position descriptions that are current	53%	60%	5/31/14 and 6/30/14
Results	Conduct COG planning exercises with members of executive, judicial, and legislative branch representatives	N/A	100% participation	Fiscal year 2014
Results	Percent of OLA financial audit findings with a status of “fully resolved” within the executive branch	57%	61%	1/1/11—12/31/12 and 1/1/13—9/15/14

M.S. chapter 16A <https://www.revisor.mn.gov/statutes/?id=16A> provides the legal authority for MMB’s Agency Administration budget activity.

Program: Statewide Services
Activity: Employee Learning & Development

mn.gov/mmb/eld/

AT A GLANCE

- ELD generated \$1.7 million in revenue in FY14
- 2,800 state government employees participated in skills based open enrollment classes
- 411 new supervisors completed Supervisory Development Core
- 167 new managers completed Managerial Development Core
- 60 participants graduated from the Emerging Leaders Institute
- 30 participants graduated from the Senior Leadership Institute
- 90% of participants rated their overall satisfaction with learning at 4.0 or higher on a 5 point scale

PURPOSE & CONTEXT

Enterprise Learning & Development (ELD) builds skills, cultivates careers, and develops leaders in Minnesota state government. The agency's mission is served by planning for and development of a skilled workforce equipped for today's careers and tomorrow's leadership challenges. Courses and programs are available to all state government employees and employees of local units of government on a fee-for service basis.

SERVICES PROVIDED

- Deliver open enrollment courses and programs to develop workplace skills, expand professional capacity for supervisors, managers, and human resources, to improve performance in current jobs and increase potential for future roles.
- Deliver leadership development programs; assess leadership skills through competency based 360 assessments; and conduct performance and career coaching.
- Customize courses for specific content and agency needs.
- Deliver workforce planning consultation, technical assistance and workshop facilitation.
- Deliver training in succession planning and knowledge transfer.
- Inform talent management strategies.

RESULTS

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous FY11</i>	<i>Current FY14</i>	<i>Dates (comparison)</i>
Quantity	Courses offered	27	77	FY11:FY14
Quantity	Contracts for services	29	102	FY11:FY14
Quantity	Participants served	1,229	2,800	FY11:FY14
Quantity	Revenue generated	\$534,946	\$1,705,316	FY11:FY14

M.S. 16A.21 (<https://www.revisor.mn.gov/statutes/?id=43A.21>) provides the legal authority for ELD's budget activity.

Program: Employee Insurance

Activity: State Employee Group Insurance Plan

<http://mn.gov/mmb/segip/>

AT A GLANCE

- Provide employee benefits to over 50,000 state employees (including 7,000 pre-65 retirees), and 75,000 dependents for a total of 125,000 covered lives.
- 68% of state employees completed the Personal Health Assessment.
- Vaccinated over 14,000 state employees at flu shot clinics across the state.
- Advantage medical plan consistently has lower medical claim cost increases (trend) annually than those projected for SEGIP by our health plan administrators. Estimated average annual savings 2004 - 2013 = \$28 million.
- Over 82% of state employees sought care from cost level 1 and 2 providers which are low cost/high quality and are the most cost-effective for SEGIP members and for the state.

PURPOSE & CONTEXT

The State Employee Group Insurance Plan (SEGIP) provides benefits to eligible employees, retirees and dependents in all three branches of state government, Minnesota State Colleges and Universities (MnSCU), and certain quasi-state agencies. These insurance benefits include health, dental, life, long and short-term disability, long-term care insurance, and pre-tax accounts. Further, we have a dynamic health solutions team offering programs and services that enhance the health and well-being of state employees and their dependents. Health solutions also includes a worksite wellness program that has health "advocates" in many state agencies working to improve employee health in their respective agencies.

In general, SEGIP operates by passing through funds to insurance carriers, third party administrators, and other vendors. SEGIP's administrative revenues are collected primarily through direct, per employee charges to state agencies and other participating groups.

The key issue addressed by SEGIP centers on the provision of cost-effective, high quality insurance benefits for members. This ultimately leads to cost containment, improved employee and dependent health and well-being, and income and asset protection in the case of disability or death. SEGIP is a demanding buyer that sets clear specifications for providers, buys selectively, and holds providers accountable for value-based results.

STRATEGIES

- SEGIP strives for administrative and service fees that are low cost but provide quality service. Our goal is for our administrative fees to be lower than the national average of 10% of overall medical costs. SEGIP also aims for provider choice and flexibility for members. Further SEGIP strives for health results that can be measured; both for the state and the medical providers in the Advantage Health Plan. In this regard we strive annually to beat the national average for medical claims cost growth. This ensures that our medical program is meeting the goals of improving member health and being affordable.
- SEGIP's key partners are the health plans participating in the plan, state agencies, and the unions representing state employees.
- By providing affordable and effective health care to state employees and their dependents, SEGIP contributes to the state's goals of healthy Minnesotans and efficient and accountable government services. We annually strive to have over 80% of participating members enrolled with the most efficient providers (those in Cost Levels 1 and 2).
- SEGIP has a comprehensive Employee Assistance Program (EAP) in which employees and their families have 24/7 confidential access to EAP counselors that can help with emotional, financial and caregiving concerns, among others. We have developed tools to measure EAP usage, outcomes and ease of accessing the services offered.
- The Advantage health plan includes all health care provider groups within the State of Minnesota and surrounding communities.
- SEGIP offers an online Personal Health Assessment (PHA) to all benefit-eligible employees. This Health assessment questionnaire is a key element in helping employees identify and manage their health conditions. This questionnaire is available throughout the year, but if completed during the annual open enrollment period by the employee, the employee and all eligible dependents receive a reduction in their office visit copay each time they see a doctor during that calendar year. Our annual goal is for our percentage of enrolled employees taking the Personal Health Assessment to exceed our wellness vendor's (StayWell) book of business average of 47%.

RESULTS

- SEGIP's contracts with its medical, dental, and pharmacy carriers contain performance metrics focused on three primary areas: Cost management; Health Outcomes; Provider Network Management and Operational Performance. The dollars available for incentive (where appropriate) or forfeiture are based on a percentage of the administrative fee paid by SEGIP to the carrier.
- SEGIP encourages its medical carriers to enter into contracting arrangements with providers that engage the provider in new approaches to how the payer and provider work together. Such agreements change incentives for payment to high quality cost-effective care (right time, right place, right care) rather than paying for the amount of services provided. Providers are rewarded financially if the care is both cost-effective and of high quality.
- SEGIP verifies the eligibility of each new dependent enrolled in the plan to ensure they are eligible for benefits. The goal is to ensure only those dependents eligible for insurance are in the program. This process enhances the financial stewardship of SEGIP.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Percentage points below national average for medical claims cost growth	4.1%	7.5%	2012, 2013
Quality	Percentage points below national average for annual medical plan administration costs.	4.8%	5.3%	2012, 2013
Result	Percent of plan participants who seek care from high quality/low cost providers	86.3%	82.3%	2012, 2013
Quality	Percent of enrolled employees that complete Personal Health Assessment	68%	68%	2012, 2013

M.S. 42A.22-315 provides authority for state employee benefits managed by MMB. Specifically see M.S. 43A.22 <https://www.revisor.mn.gov/statutes/?id=43A.22>.

Program: Statewide Insurance

Activity: Public Employees Insurance Program

www.mn.gov/mmb/segip/peip/

AT A GLANCE

- As of July 2014, 101 public sector employer groups in Minnesota participated in PEIP. These include 67 school districts, 22 cities and townships, five counties, and seven other units of government (watershed districts, housing redevelopment authorities, etc.).
- A total of more than 20,000 active employees, their dependents, as well as retirees receive their coverage from PEIP.
- The average number of employees per group is 88, with groups ranging from one to more than 2,300.

PURPOSE & CONTEXT

The Public Employees Insurance Program (PEIP) is a statewide health, dental, and life insurance pool managed by Minnesota Management & Budget (MMB) and offered to local units of government. The program is defined in M.S. 43A.316 and provides Minnesota's public employers with the option to purchase an affordable, uniform package of health care and other benefits for employees, their dependents, and retirees.

PEIP is available to local units of government within Minnesota including counties, cities, townships, school districts, and other jurisdictions.

SERVICES PROVIDED

The availability of PEIP helps public sector employers obtain competitive health insurance rates. In some cases, PEIP provides the lowest bid. In other cases, PEIP offers a bid that competing insurers will then attempt to match or improve upon in order to be selected. In these instances, even when PEIP is ultimately not the successful bidder, it helps local units of government negotiate with other carriers to obtain the best rates possible. Since July 1, 2014, all public school districts, with few exceptions, are required to obtain an insurance bid from PEIP. PEIP offers public sector employers and their employees a choice of health plans wherever possible - unlike the majority of employers in the state that contract with a single carrier or health plan for health insurance.

STRATEGIES

- We strive for effectiveness and efficiency in term of administrative and service costs, as well as choice/flexibility for members.
- Our key partners are public employers in Minnesota, and the health plans participating in PEIP.
- By providing efficient and affordable care, we contribute to the State's goals of healthy Minnesotans and efficient and accountable government services.

RESULTS

- PEIP's membership is provided with plans similar to the highly successful Minnesota Advantage Health Plan provided to state employees.
- PEIP is considered a "benchmark" plan for public employers in Minnesota: effective July 1, 2014, with few exceptions, all Minnesota public school districts are required to obtain an insurance quote from PEIP, to be used for comparison and negotiations purposes.
- PEIP's viability and overall impact in the market are determined to a large extent by the number of participating employee groups and the number of individuals covered by the program. Because the program is not mandatory, membership fluctuates. At present, more than 20,000 employees, retirees, and dependents are covered under PEIP, the most to ever have participated in the program.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Results	<i>Contingency reserve level</i> A program of this size, combined with the inherent fluctuation of voluntary membership requires a contingency reserve equal to 20% - 40% of annual premium.	39.4%	27.9%	6/30/13 & 6/30/14
Results	<i>Medical claims costs (per member per month)</i> . PEIP's goal is for these costs to increase at or below the current industry standard of 2 – 9 % for national programs.	-2.1%	-2.6%	6/30/13 & 6/30/14
Results	<i>PEIP's administrative expenses, as a percent of income</i> . PEIP's goal is to stay below the industry norm of 8%.	6.6%	7.3%	6/30/12 & 6/30/13

Minn.Stat. 43A.316 (<https://www.revisor.mn.gov/statutes/?id=43A.316>) provides the legal authority for the Public Employees Insurance Program.