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Department of Military Affairs Agency Budget Brief

03 February 2021

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Minnesota Department of Military Affairs (DMA)



Agenda

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1. State Budget Background
2. SFY 22-23 Biennial Request
3. DMA General Fund Appropriations
4. Questions
5. Additional information that will not be briefed:
 1. DMA Special Revenue Fund Appropriations
 2. DMA Federal Fund Appropriations
 3. DMA Capital Fund Appropriations



General Fund Appropriations

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- Current DMA general fund appropriations:
 - General Support
 - Facility Security Improvements/Training
 - Reintegration
 - Maintenance of Military Training Facilities
 - Enlistment Incentives
 - Emergency Services (State Active Duty)
- Biennial appropriations consist of:
 - General Support
 - Maintenance of Military Training Facilities
 - Enlistment Incentives (roll-forward authority)



Governor's Budget Request

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Recommendation:

The Governor recommends additional funding of \$196,000 in FY 2022 and \$392,000 in each subsequent year from the general fund to maintain the current level of service delivery at the Department of Military Affairs.

This represents a 1.2 percent increase over the Department's FY 2022-2023 biennial direct appropriated general fund base budget.

Rationale/Background:

This operating increase funds a portion of projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT, and legal services also grow. This cost growth puts pressure on operating budgets that remain flat from year to year without enacted increases. Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect.

Proposal:

The Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by the Department of Military Affairs. This funding will cover compensation and IT cost growth.



Governor's Budget Request

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| (In thousands) | Actual | | Estimate | | Forecast Base | | Governor's Recommendations | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------------|--|
| | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 | | |
| Maintenance of Training Facilities | \$ 97,753 | \$ 102,216 | \$ 102,190 | \$ 102,960 | \$ 102,261 | \$ 103,101 | | |
| General Support | \$ 7,544 | \$ 7,322 | \$ 5,998 | \$ 6,001 | \$ 6,123 | \$ 6,252 | | |
| Enlistment Incentives | \$ 9,127 | \$ 14,095 | \$ 11,114 | \$ 11,114 | \$ 11,114 | \$ 11,114 | | |
| Emergency Services | \$ 12,443 | \$ 8,662 | \$ 1,582 | \$ 1,582 | \$ 1,582 | \$ 1,582 | | |
| Total | \$ 126,867 | \$ 132,295 | \$ 120,884 | \$ 121,657 | \$ 121,080 | \$ 122,049 | | |
| Total less Emergency Services | \$ 114,424 | \$ 123,633 | \$ 119,302 | \$ 120,075 | \$ 119,498 | \$ 120,467 | | |
| Governor's change from base: | | | | | \$ 196 | \$ 392 | | |



State of MN and DMA Budget Structure

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State of MN

General Fund (Fund 1000)

- General Support
- Maintenance of Military Training Facilities
- Incentives
- Emergency Services

Special Revenue Fund (Fund 2000/2050)

- **CRTC:**
 - Capital Improvement
 - Billeting
 - Timber Sales
 - Environmental and Natural Resources Trust
- **AGO:**
 - Support Our Troops (SOT)
 - TACC Sales
 - AGO Armory Rentals
 - MN State Armory Building Commission (MSABC)

Federal Fund (Fund 3000)

- Master Co-Operative Agreement (MCA)
- Master Construction Co-Operative Agreement (MCCA)

Capital Fund (Fund 3600)

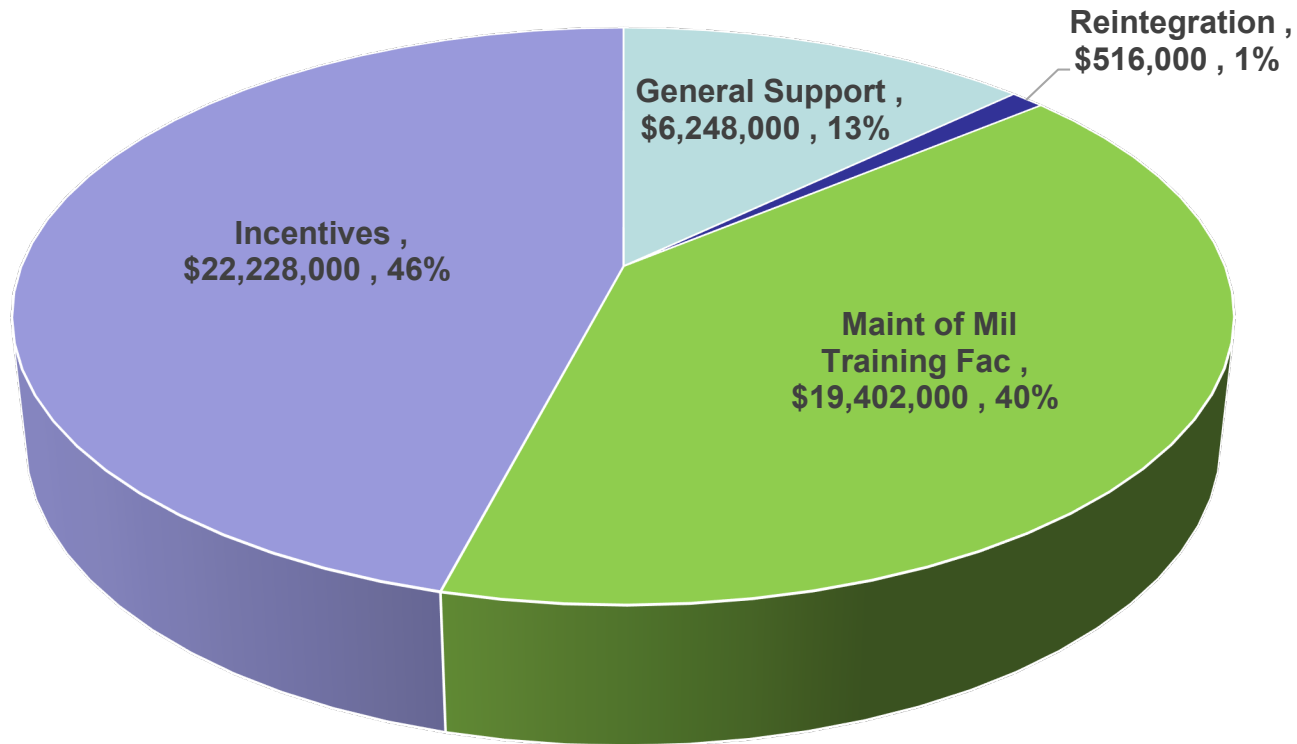
- Asset Preservation
- Specific Construction Projects
- Facility Life and Safety Improvements
- Facility ADA Compliance



DMA Biennial Operating Budget Allocations

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Budget for BFY20-21





State of MN and DMA Budget Structure

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General Fund - General Support Appropriation

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- FY20 Base: \$3.124M
 - Facility Security Improvements/Training - \$248K
 - Reintegration - \$258K
 - SFY20 Expenditures recap:
 - FTE allocations - AGO-16.95 (17 EEs), AASF #1-1, and CRTTC-3
 - Payroll \$2.49M (excluding CPP credit)
 - VSB rent - \$353K
 - Interagency Transfers/Payments - \$60K
 - Military Fund distribution to MNNG units - \$70K
 - Agency IT server room (Federal Network) utilities \$26K
 - Security Improvements - \$200K



General Fund - General Support Appropriation

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- **BFY20 Base: \$3.124M**
 - **SFY20 Expenditures recap (continued):**
 - Other expenses include phone, Norwegian Exchange, office supplies, J-lot parking, service awards, key cards, auto insurance, vehicle purchases, etc.....
 - Carry forward into second year of biennium; cancels at the end of each biennium
 - **Average annual surplus services sales revenue = \$20K**
 - **Centralized Personnel Plan (CPP) is required to support payroll budget (FFY20 - \$328K)**



State of MN and DMA Budget Structure

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General Fund – Maintenance Appropriation

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- BFY20 Base: \$9.701M
 - SFY20 Expenditures recap:
 - Shared between Camp Ripley Training Center (CRTC), Training and Community Centers (TACCs), and the two airbases.
 - Payroll - \$1.411M (13.60%): CRTC - \$635K, 133AW - \$349K , 148FW - \$427K
 - FTE allocations – Total 16.90 (49 EEs): CRTC – 7.65 (12), 133AW – 4.50 (18), 148FW – 4.75 (19)
 - Utilities – Total \$1.41M: CRTC/TACCs - \$1.08M, 133AW - \$121K, 148FW - \$207K
 - PT Services - \$2.4M
 - Architect
 - Construction phase I services
 - Enviro, IT, legal, etc.



General Fund – Maintenance Appropriation

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- **BFY20 Base: \$9.701M**
 - Other Purchases - \$1.58M
 - Janitorial services, snow removal, lawn care, asbestos abatement, pest control, special assessment taxes, fuel, paint supplies, road salt, materials, etc.
 - Capital and Non-Capital Equipment - \$321K (3.32%)
 - Electronic security systems, furniture, etc.
 - Airport Joint Use Agreements:
 - Rochester - \$31.8K per year
 - MPLS Runway (934th Airlift Wing) - \$25.4K per year
 - Other:
 - Supplies, repairs, building improvements, statewide indirect costs, MSABC bond payments



State of MN and DMA Budget Structure

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General Fund – Incentives Appropriation

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- BFY20 Base: \$11.114M (994.4K RFI from BFY19)
 - SFY20 Expenditures recap:
 - Payroll - \$140K, FTE allocations – 2
 - State Tuition Reimbursement (STR) program
 - \$6.62M
 - State Reenlistment Bonus (SRB) program (suspend on 1SEP17)
 - \$1.41M
 - State Enlistment Bonus (SEB) program (suspend on 1SEP17)
 - \$720K
 - State Medic Bonus (SMB) program
 - \$59K
 - State Reclassification (SRCB) program
 - \$192K



General Fund - Incentives Appropriation

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- Difficult to forecast State Tuition Reimbursement usage:
 - Service Members' intent to use vs. actual reimbursements
 - Change to federal incentives programs with short notice
 - Deployment impact
 - Economic impact



State of MN and DMA Budget Structure

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General Fund Appropriations

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- Open appropriation:
 - Emergency Services
 - Authorization in statute that makes available for spending an amount sufficient to fulfill a specified need
 - CY12 – CY19
 - ❑ 26 STATE Active Duty (SAD) and Emergency Management Assistance Compact (EMAC) missions
 - ❑ 975 Payroll Payments
 - ❑ 7,119 Man-Days
 - ❑ \$2.27M (Payroll)
 - CY20 (As of 1FEB21)
 - ❑ 9 SAD missions
 - ❑ 13,044 Payroll Payments
 - ❑ 82,870 Man-Days
 - ❑ \$13.47M (Payroll)



General Fund Appropriations

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- Open appropriation:
 - Emergency Services
 - Authorization in statute that makes available for spending an amount sufficient to fulfill a specified need
 - CY21 (As of 1FEB21)
 - 1 SAD mission
 - 793 Payroll Payments
 - 499 Man-Days
 - \$93K (Payroll)



General Fund Appropriations

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CY2020-2021 To Date:

As of 1 February 2021

| EO # | Mission Name | Authorized Budget | Expended | Encumbered | Budget Available |
|---------------|-----------------------------------|-------------------------|-------------------------|----------------------|------------------------|
| 20-13 | COVID-19 Response | \$ 11,820,070.62 | \$ 10,280,988.45 | \$ 177,107.73 | \$ 1,361,974.44 |
| 20-30 | Flood Support Response | \$ 50,334.38 | \$ 46,855.26 | \$ - | \$ 3,479.12 |
| 20-64 | Civil Disturbance Response | \$ 12,588,600.00 | \$ 11,644,826.11 | \$ - | \$ 943,773.89 |
| 20-72 | Civil Disturbance - Cass County | \$ 225,000.00 | \$ 90,590.44 | \$ - | \$ 134,409.56 |
| 20-87 | Civil Disturbance Response - MPLS | \$ 619,000.00 | \$ 406,106.98 | \$ 65,000.00 | \$ 147,893.02 |
| 20-90 | Civil Disturbance Response | \$ 66,250.00 | \$ 40,267.37 | \$ - | \$ 25,982.63 |
| 20-91 | Civil Disturbance Response | \$ 111,400.00 | \$ 58,664.16 | \$ - | \$ 52,735.84 |
| 20-93 | Civil Disturbance Response | \$ 50,000.00 | \$ 49,380.96 | \$ - | \$ 619.04 |
| 20-108 | Winter Storm | \$ 3,850.00 | \$ 1,280.50 | \$ - | \$ 2,569.50 |
| 21-05 | State Capital Protection | \$ 112,850.00 | \$ 53,851.68 | \$ - | \$ 58,998.32 |
| Totals | | \$ 25,647,355.00 | \$ 22,672,811.91 | \$ 242,107.73 | \$ 2,732,435.36 |

75% FEMA reimbursement has been requested by HSEM for most missions. If approved, those funds are deposited directly into the State General Fund (not a factor in the agency budget).



Governor's Budget Request

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Recommendation:

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Proposal:

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Questions



Additional Information

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- The following slides depict the other aspects of the DMA budget. They are not directly relevant to general fund appropriations, but are provided in the interest of transparency to our committees of record.
- Questions are welcome



State of MN and DMA Budget Structure

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- One-Time Transfer to Maintenance of Military Training Facilities
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Special Revenue Fund Appropriations

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- **Camp Ripley:**
 - **Capital improvement Account**
 - Interagency leases; current balance = \$660K
 - Proceeds used for direct maintenance of facilities leased to other agencies
 - **Billeting Fund**
 - Proceeds fund lodging services at Camp Ripley
 - **Timber Sales**
 - Timber permit sales; current balance = \$343K
 - “Used to manage the timber resources of Camp Ripley in a manner consistent with the camp's purpose as lands for training armed forces”



Special Revenue Fund Appropriations

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- Camp Ripley (Continued)
 - Biomass facility at CRTC
 - \$1M contribution from the Environmental and Natural Resources Trust Fund
 - Install a 5,000,000-BTU centralized biomass boiler system
 - Must be matched by at least \$900K of non-state money and must be committed by 31DEC17 (**Federal Funding provided**)
 - State funds available until 30JUN20 by which time the project must be completed and final products delivered (**State funds availability extended to 30SEP23**)



Special Revenue Fund Appropriations

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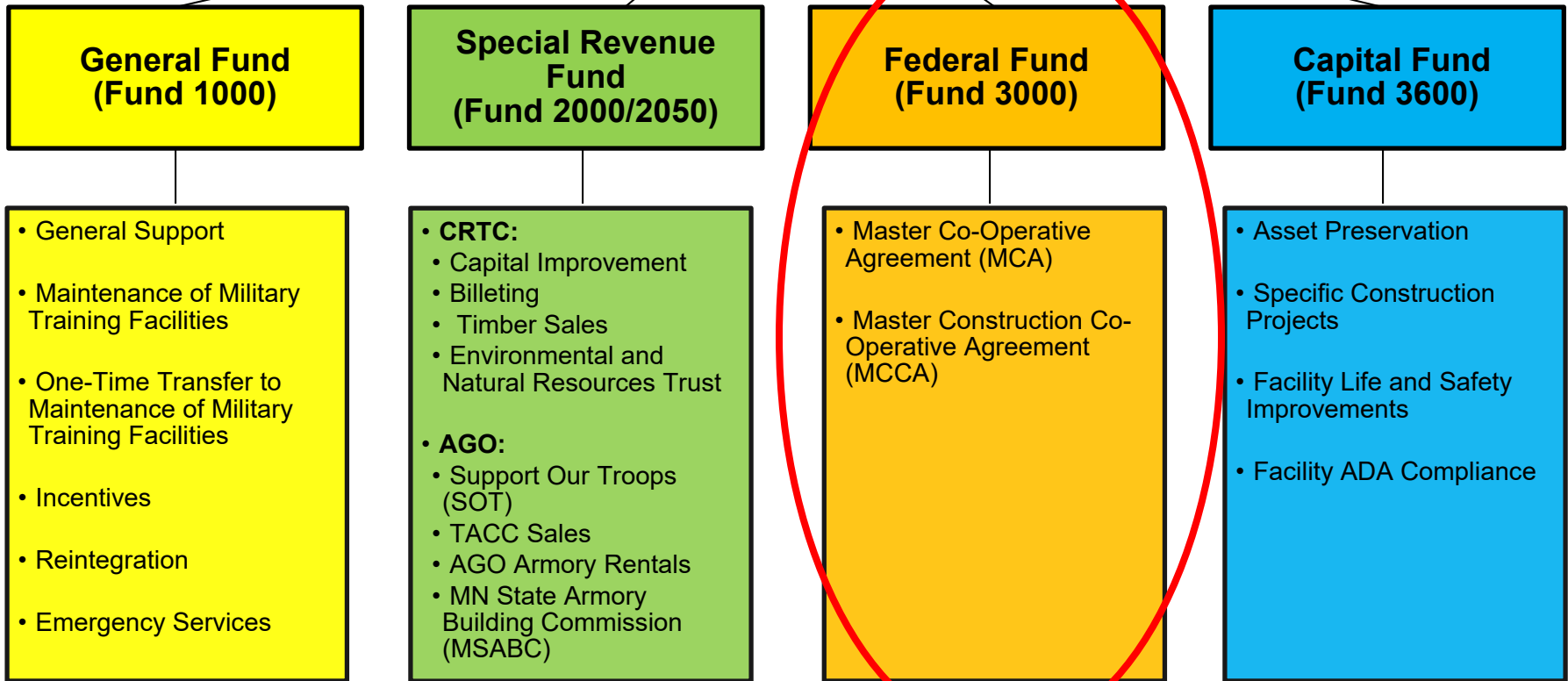
- Adjutant General's Office:
 - Support Our Troops Account (proceeds from sales of special license plates)
 - Equal shares to DMA and MDVA; current DMA = \$1.57M
 - Average revenue for the past three fiscal year = \$566K/yr.
 - Support 3-5 FTEs, grants to Family Readiness Groups and other organizations
 - TACC Sales
 - Contribution for the construction or acquisition of an armory, armories, or armory facilities to replace the one sold
 - Maintenance, operation, and repair of existing armory facilities
 - Transferred to the MN State Armory Building Commission
 - Ten year limitation
 - Tax implication
 - Armory Rentals and MN State Armory Building Comm.
 - Payroll activities, clearing account



State of MN and DMA Budget Structure

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State of MN





Federal Fund – MCA and MCCA

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- Master Cooperative Agreement (MCA)
 - 15 appendices (19 agreements)
 - Program Managers - St. Paul, Camp Ripley, 133rd Airlift Wing (Minneapolis), 148th Fighter Wing (Duluth)
- Master Construction Cooperative Agreement (MCCA)
 - FFY and project based – new facility construction
 - Recently Stillwater and Arden Hills, near future New Ulm.



Federal Fund – MCA and MCCA

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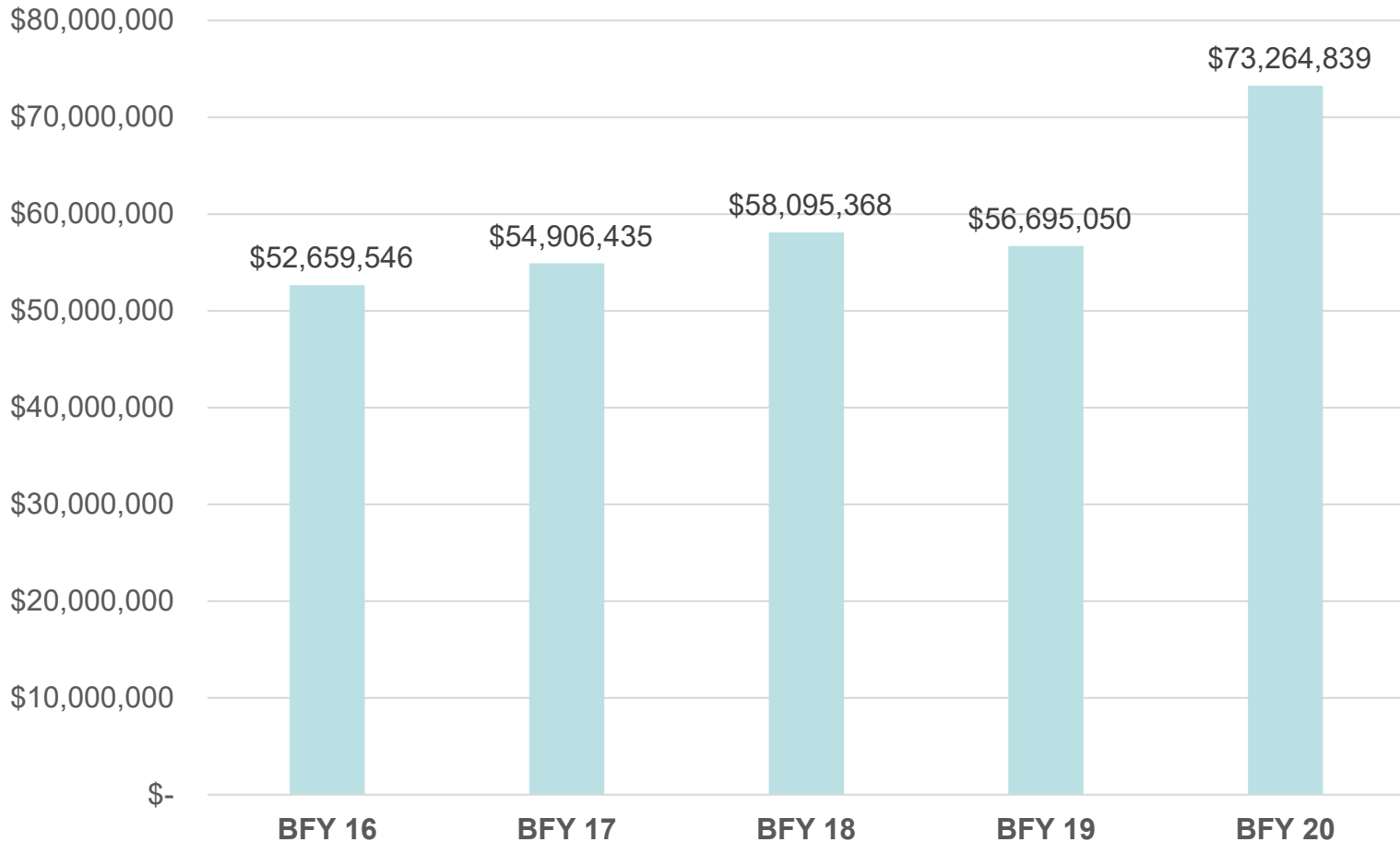
- Reimbursement program in MN
 - Pay with State's general fund (cash flow account)
 - Seek reimbursement on a monthly basis
 - Up to six FFYs per MCA appendix per month
 - Centralized Personnel Program is crucial for DMA's General Support appropriation
 - Some appendices (3) require state matching
 - MCA budgets open up to six years
 - MCCA budgets open up to ten years



Federal Fund – MCA Budget by FFY

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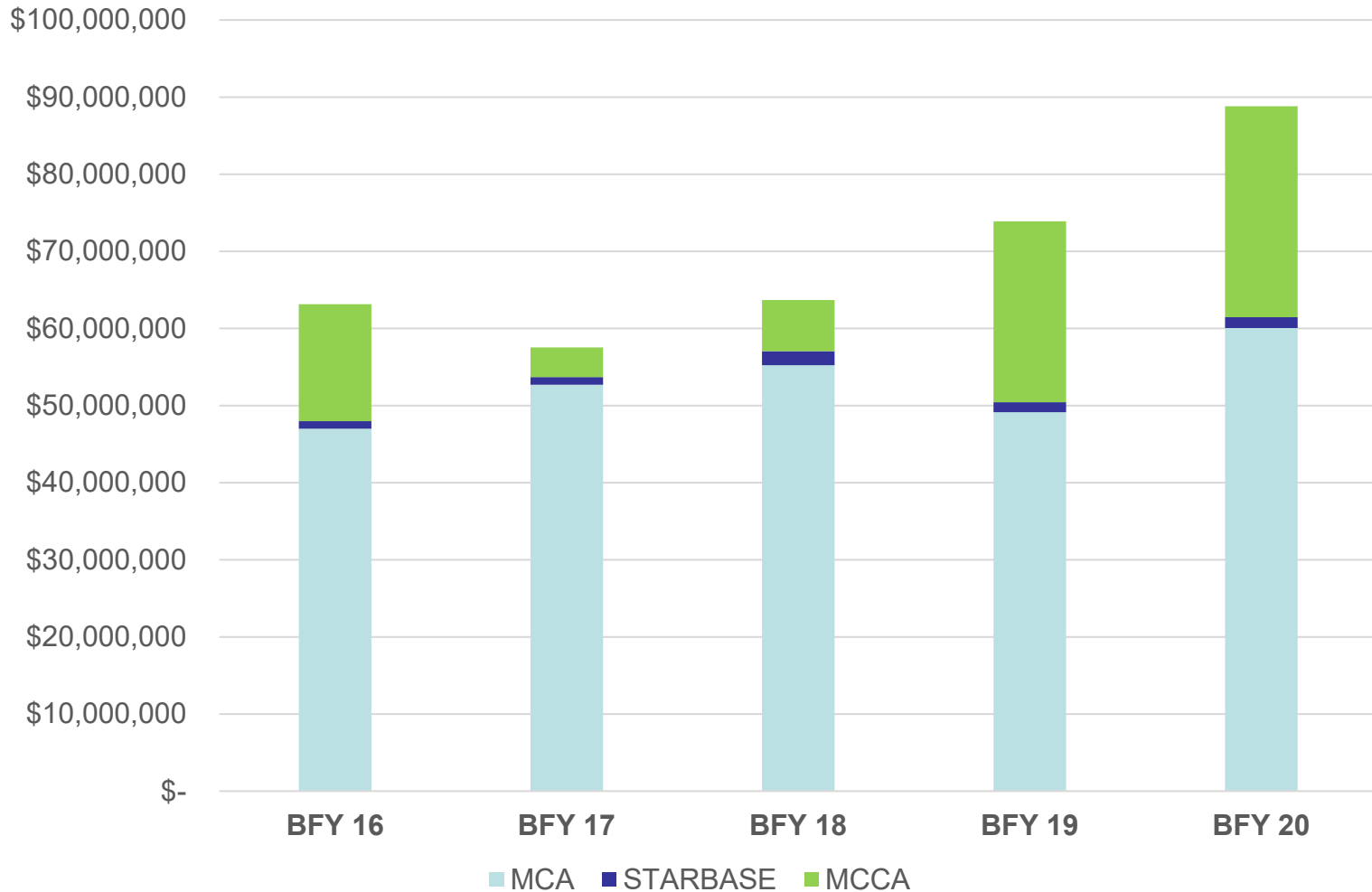
MCA Reimbursable Budget by FFY





Federal Fund – Total Expenditures By BFY

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Capital Fund - Building Construction (Bonded)

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- Purpose Types
 - Asset Preservation
 - Project
 - Facility Life and Safety Improvements
 - Facility ADA Compliance
- Current Capital Budgets
 - BFY17 – AP (1), Project (1)
 - BFY18 – AP (0), Project (4)
 - BFY21 – AP (0), Project (4) (plus MN Military Museum)



Capital Fund - Building Construction (Bonded)

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- Capital Budget History – Last Five Years

| BFY | Capital Budget Description | Capital Budget Amount | Remaining Balance |
|------------|---|------------------------------|--------------------------|
| 2017 | Asset Preservation | \$ 2,500,000.00 | \$ 1,313,410.00 |
| 2017 | CRTC R&P Emergency Response Training Facility | \$ 3,521,000.00 | \$ 3,188,462.00 |
| 2018 | Brainerd Readiness Center | \$ 4,143,000.00 | \$ 704,199.00 |
| 2018 | Grand Rapids Readiness Center | \$ 2,126,000.00 | \$ - |
| 2018 | St. Cloud Readiness Center | \$ 4,450,000.00 | \$ 3,304.00 |
| 2018 | Wadena Readiness Center | \$ 2,157,000.00 | \$ - |
| | Total | \$ 18,897,000.00 | \$ 5,209,375.00 |