

**Administrative, Investment Support Services and  
Directed Commissions Budget Plan  
Fiscal Year 2021 and 2022 Proposed**

Overview of Fiscal Years 2021 and 2022 Budget – Overview	E-1
Overview of Fiscal Years 2021 and 2022 Budget – Administrative	E-2
Overview of Fiscal Years 2021 and 2022 Budget – Investment Support Services	E-3
Overview of Calendar Year 2020 Budget – Directed Commissions	E-4
Budget Plan Fiscal Years 2021 and 2022 – Administrative	E-5
Budget Plan Fiscal Years 2021 and 2022 – Investment Support Services	E-6
Budget Plan Calendar Year 2020 – Directed Commissions	E-6

This page intentionally left blank.

**Administrative Budget  
Fiscal Year 2021 & 2022 Budget Plan  
Overview**

The Fiscal Years 2021 and 2022 budget process is based on budget procedures instituted by Minnesota Management and Budget. The SBI receives a General Fund appropriation (currently \$139,000) to support the management of the General Fund portion of the Invested Treasurer's Cash (ITC) pool. The remaining budget revenues are generated from invoicing actual cost of services to plans that have funds under SBI management.

The Fiscal Year 2021 budget includes 35 Full Time Equivalent (FTE) positions. The SBI added two information technology positions, two investment positions and one accounting position. The SBI has included a 3% projected salary increase in the budget for all staff in Fiscal Years 2021 and 2022. The investment staff salaries also include a 3% performance increase that requires approval from the Board. The actual salary increases for non-investment staff will be determined by legislative negotiated contracts per bargaining unit. The investment staff salary increases, if any, will be determined in accordance with the SBI Salary Plan.

In Fiscal Years 2021 and 2022, the SBI anticipates an increase in the operating expense portion of the budget for Professional Technical Services, Computer System Services, Travel, Employee Development, Supplies and the Equipment line items. The increase to the Professional Technical Services portion of the budget is for a redesign of our web site and a contract for an IT risk assessment. The Computer System Services budget line increased because the SBI is adding additional licenses/users to the Client Relationship Management (CRM) software. The Employee Development line was increased to accommodate additional staff that the SBI will be hiring. The SBI has increased the supply budget for additional supply type items in case the SBI needs to remodel for additional staffing. Staff did a thorough review of our equipment and have determined that the SBI will need to replace a server and a color printer, and will need computers and cubicle setups for additional staff.

**Administrative Budget  
Fiscal Year 2021 & 2022 Budget Plan**

	<b>FY2020 Budget</b>	<b>FY2020 Projected</b>	<b>FY2021 Request</b>	<b>FY2022 Request</b>
Personnel Services	\$5,684,000	\$4,417,300	\$6,846,000	\$7,024,000
Operating Expense	1,488,000	1,260,500	2,004,000	1,696,000
<b>Total</b>	<b>\$7,172,000</b>	<b>\$5,677,800</b>	<b>\$8,850,000</b>	<b>\$8,720,000</b>

**Personnel Services:** Personnel Services are estimated to account for 77% of the requested Fiscal Year 2021 budget and 81% of the requested Fiscal Year 2022 budget.

Personnel Services include salaries, retirement, insurance, FICA and severance.

**Operating Expenses:** Operating Expenses are estimated to account for 23% of the requested Fiscal Year 2021 budget, and 19% of the requested Fiscal Year 2022 budget.

Operating Expenses include rents, leases, printing, data processing, communications, travel, employee development, miscellaneous fees, office equipment, furnishings and supplies.

**Investment Support Services Budget  
Fiscal Year 2021 & 2022 Budget Plan  
Overview**

The SBI currently has three Investment Support Services contracts that are funded from the Investment Support Services budget. The SBI is in the process of adding a Private Markets consultant.

	<b>FY2020 Budget</b>	<b>FY2020 Projected</b>	<b>FY2021 Request</b>	<b>FY2022 Request</b>
Investment Support	\$5,000,000	\$1,165,600	\$5,000,000	\$5,000,000
Total	\$5,000,000	\$1,165,600	\$5,000,000	\$5,000,000

**Investment Support:** The Investment Support Services budget will cover the following contracts for FY20 and FY21: Aon Hewitt Investment Consulting, Inc., Meketa Investment Group, Broadridge Financial Solutions, Inc. and a new Private Markets consultant(s).

**Directed Commissions Budget  
Calendar 2020 Budget Plan  
Overview**

Annually, the SBI goes through a rigorous process in the establishment of the Directed Commissions budget. The SBI monitors and reconciles active management and the trading costs to ensure SBI is receiving a portion of directed commissions, as appropriate, subject to best execution by its investment managers. SBI staff review the subscriptions/services they receive from active management to ensure it is a necessary expenditure. The budget and expenditures are on a calendar year basis to match the accounting period of our managers and directed commissions brokers. The Directed Commissions budget is established on an annual basis.

	<b>CY2019 Budget</b>	<b>CY2019 Actual</b>	<b>CY2020 Budget</b>
Directed Commissions	\$1,127,000	\$1,113,200	\$1,170,000

**STATE BOARD OF INVESTMENT  
ADMINISTRATIVE BUDGET PLAN  
FISCAL YEARS 2021 AND 2022**

DESCRIPTION	FY2020		FY2021		FY2022	
	BUDGET	PROJECTED	PROPOSED	PROPOSED	PROPOSED	PROPOSED
<b>PERSONNEL SERVICES</b>						
FULL TIME EMPLOYEES	\$ 5,559,000	4,367,500	\$ 6,721,000	\$ 6,899,000	\$ 6,721,000	\$ 6,899,000
OTHER BENEFITS	125,000	49,800	125,000	125,000	125,000	125,000
<b>SUBTOTAL</b>	<b>\$ 5,684,000</b>	<b>\$ 4,417,300</b>	<b>\$ 6,846,000</b>	<b>\$ 7,024,000</b>	<b>\$ 6,846,000</b>	<b>\$ 7,024,000</b>
<b>STATE OPERATIONS</b>						
RENTS & LEASES	285,000	280,700	285,000	285,000	285,000	285,000
PRINTING & BINDING	12,000	10,600	12,000	12,000	12,000	12,000
PROFESSIONAL/TECHNICAL SERVICES	260,000	112,000	360,000	310,000	360,000	310,000
COMPUTER SYSTEMS SERVICES	120,000	128,200	150,000	150,000	150,000	150,000
COMMUNICATIONS	25,000	19,300	25,000	25,000	25,000	25,000
TRAVEL, IN-STATE	1,000	900	3,000	3,000	3,000	3,000
TRAVEL, OUT-STATE	125,000	88,600	235,000	235,000	235,000	235,000
EMPLOYEE DEVELOPMENT	125,000	105,000	150,000	150,000	150,000	150,000
SUPPLIES	30,000	39,800	150,000	50,000	150,000	50,000
REPAIRS/ALTERATIONS/MAINTENANCE	20,000	17,700	21,000	21,000	21,000	21,000
INDIRECT COSTS	300,000	289,000	300,000	300,000	300,000	300,000
OTHER OPERATING COSTS	125,000	113,200	125,000	125,000	125,000	125,000
EQUIPMENT	60,000	55,500	188,000	30,000	188,000	30,000
<b>SUBTOTAL</b>	<b>\$ 1,488,000</b>	<b>\$ 1,260,500</b>	<b>\$ 2,004,000</b>	<b>\$ 1,696,000</b>	<b>\$ 2,004,000</b>	<b>\$ 1,696,000</b>
<b>TOTAL MSBI OPERATING FUND</b>	<b>\$ 7,172,000</b>	<b>\$ 5,677,800</b>	<b>\$ 8,850,000</b>	<b>\$ 8,720,000</b>	<b>\$ 8,850,000</b>	<b>\$ 8,720,000</b>

PERCENT INCREASE (DECREASE) OVER PRIOR YEAR BUDGET

23.4%

-1.5%

**STATE BOARD OF INVESTMENT  
INVESTMENT SUPPORT SERVICES BUDGET PLAN  
FISCAL YEARS 2021 AND 2022**

DESCRIPTION	FY2020 BUDGET	FY2020 PROJECTED	FY2021 PROPOSED	FY2022 PROPOSED
<b>STATE OPERATIONS</b>				
PROFESSIONAL/TECHNICAL SERVICES	4,500,000	800,000	4,500,000	4,500,000
COMPUTER SYSTEMS SERVICES	500,000	365,600	500,000	500,000
<b>TOTAL</b>	<b>\$ 5,000,000</b>	<b>\$ 1,165,600</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>

PERCENT INCREASE (DECREASE) OVER PRIOR YEAR BUDGET

0.0%                      0.0%

**STATE BOARD OF INVESTMENT  
DIRECTED COMMISSIONS  
CALENDAR YEAR 2020**

DESCRIPTION	CY2019 BUDGET	CY2019 ACTUAL	CY2020 PROPOSED
<b>DIRECTED COMMISSIONS</b>			
DIRECTED COMMISSIONS	1,127,000	\$ 1,113,200	1,170,000

PERCENT INCREASE (DECREASE) OVER PRIOR YEAR BUDGET

3.82%