



MMB Implementation Updates

Enterprise Resource Planning

Top Line: Funding was provided to maintain and sustain our enterprise resource planning systems, which are the core accounting and HR management systems for the entire state enterprise.

Key Accomplishments

- Finishing last upgrades to bring all systems to supported status
- Underway: move systems to cloud
- Security improvements
- Customer experience initiatives

Additional Financial Management Functions

Internal Audit Unit

- Five-person unit to assist agencies with internal audit and advisory services
- Initial audits and reviews underway

Dedicated Banking Unit

- Dedicated management oversight over the state's banking operations
- Automation of the reconciliation of major bank accounts
- Integrated the state's cash management functions into SWIFT

Federal Funds Implementation Team

- Launched an Opportunity and Program Tracker for federal funding opportunities
- Supporting local government and nonprofits in accessing clean energy tax credits
- Supported successful cross-agency grant applications

MMB Implementation Office Highlights

Top Line: Department of Children, Youth, and Families (DCYF) was created to put children at the center of state government with a permanent state agency and commissioner focused on elevating children and families in policy and budget decisions.

Key Accomplishments

- New agency launched on July 1, 2024
- Hiring and placement of the new DCYF Executive Leadership Team
- Transfer of roughly 560 staff members from three agencies
- Outreach and engagement team led over 200 engagement sessions
- Yet to transfer in June 2025: programs from the DHS Office of Inspector General; youth justice programs and the Office of Restorative Practices from the Department of Public Safety, and the remaining operational functions

DCYF: Phases

pre-2022	Fall 2023 – May 2023	July 2023 – June 2024	July 2024 – June 2025	July 2025
<ul style="list-style-type: none">• State Governance Debated• Engagement on systems improvements (ECSR, PDG, Title V, Children's Cabinet, Advisory Councils)	<ul style="list-style-type: none">• Governor's Budget Proposal• Legislative process• MMB Planning	<ul style="list-style-type: none">• Implementation Office Established• Agency preparations• Revisor and other legislative action	<ul style="list-style-type: none">• DCYF established• Programs transfer this fiscal year• DCYF-led planning and organizational development	<ul style="list-style-type: none">• Completion of program and position transfers• Implementation Office closes

System transformation

Interagency partnerships

Engagement and partnership – cross-sector

Long-Range Planning Team

Top Line: A technical and nonpartisan team that works on critical long-term and interagency issues that can improve the well-being of all Minnesotans and support effective and efficient government.

Key Accomplishments

- **Team stood up:** 11.5 people all hired and onboarded as of January 2025.
- **Technical expertise:** Team members have wide-ranging professional and academic experience (e.g., applied economics, architecture, rural economic development, regional and municipal planning, public health etc.).
- **Gathering input:** Currently engaging Initiative Foundations, chambers, various associations on critical long-term issues for all parts of the state. (Interviewed 10 Regional Development Organizations).

Office of Addiction and Recovery

Top Line: Created an Office of Addiction and Recovery (OAR) at MMB.

Key Accomplishments

- Helped to secure, and working with agencies on implementation of, over \$200 million in new investments to address the opioid epidemic and substance use disorder.
- Helped drive development and passage of an 1115 Medicaid Reentry Waiver in 2024, and currently working with agencies on implementation.
- Organized the development of the state's first naloxone saturation strategy.
- Organized and leading, along with the Minnesota Medical and Minnesota Sheriff's Associations, workgroup on improving substance use disorder treatment for incarcerated Minnesotans.
- Launched and leading the Governor's Advisory Council on Opioids, Substance Use, and Addiction.

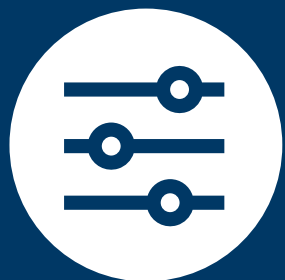
Top Line: Launched the Health Subcabinet to coordinate interagency work and strategies among state agencies with purview over health and health care in Minnesota (COMM, DHS, MDH, MMB, MNsure).

Key Accomplishments

- Created a strategic framework centering long-term planning around person-centered, outcomes-based work that improves affordability for Minnesotans.
- Supported agencies to align policy and budget objectives.
- Aligned plans across subcabinet agencies to respond to spikes in health insurance premiums in the individual market.



2026-27 Budget Recommendations



Operating Adjustment

Context

Operating Cost Increases

Agency actions to create efficiencies and to avoid costs:

- 45% footprint reduction at Centennial Building since FY 2022
- Improved automation of agency and statewide processes
- Overhauled onboarding process for new employees to improve retention and avoid costs from turnover

Request:

\$891,000 in FY 2026
and \$1.806 million each year ongoing

Covers:

- Expected compensation growth pressures
- Utilities
- IT services



Oversight Package

Context

Resources are needed to provide additional oversight capacity:

- Internal controls support for the enterprise
- OLA report on retroactive pay adjustments
- Increased agency demand for enterprise employee services

Request:

\$1.162 million in FY 2026 and \$1.59 million ongoing:

- 3 internal controls FTEs
- 4 payroll oversight FTEs
- 2 labor relations FTEs
- 2 financial management oversight FTEs



DCYF Transition Account Extension

Context

- The Department of Children, Youth, and Families stood up in July 2024
- Funds appropriated in 2023 session to MMB for a transition account; set to expire June 30, 2025

Request:

- Cancel \$8.5 million from current appropriation
- Re-appropriate \$6 million to DCYF for final transition costs and extend availability
- Funds would be used for DCYF moving-related expenses and IT migration
- Incorporating Federal Financial Participation reimbursement, results in \$4.420 million savings



Data Disaggregation Reduction

Context

- Funding appropriated for FY24 and FY25 to support interagency collaboration to develop data collections standards for race, ethnicity, gender identity, and disability status across state government
- Work has commenced on developing enterprise standards for data collection

Request:

One-time reduction of \$1.7 million in FY25

- Remaining resources will be used to develop disaggregation standards and practices, and implement strategies and roadmaps that will allow agencies to update their practices to make better data driven decisions to improve policy outcomes



Non-Operating Budget

Housing Transfer Repeal

- Repealing the unappropriated Housing Transfer eliminates a transfer from the general fund to the housing support account in the special revenue fund of \$450,000 each year beginning in FY 2025. This funding has not yet been programmed.

Agency Carry- Forward Authority

- Expand Operating Budget Carry-Forward Authority
- Allow agencies to uniformly carry-forward unexpended non-grant operating appropriations for the second year of a biennium into the next. The budget impact of this change would reduce forecast general fund cancellations in the second year of each biennium by an estimated \$15 million.

Questions?

Erin Campbell

Erin.Campbell@state.mn.us

(651) 201-8011