

# Agency Authority to Transfer Appropriated Money

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## What is a transfer?

For purposes of this publication, a transfer occurs when a state agency exercises statutory authority to reallocate money appropriated by the legislature for one program to a different program administered by that same agency. This is sometimes referred to as an “intra-agency transfer.”

## Do agencies have general intra-agency transfer authority?

As a general rule, a state agency, official, or employee may spend money only for the purpose for which the legislature has appropriated it. [Minn. Stat. § 16A.139](#). However, agencies do have limited, statutory authority to perform certain intra-agency transfers. Specifically, state law authorizes an agency in the executive, legislative, or judicial branch to transfer operational money from one program to another if both programs received an appropriation from the same fund (e.g., the general fund). However, if the legislature appropriated a specific amount of money for an “item within an activity,” the recipient agency cannot transfer or use this amount for any other purpose. [Minn. Stat. § 16A.285](#).

## What is the process?

Before performing the transfer, the agency must request and receive approval from Minnesota Management and Budget (MMB). MMB staff may approve the transfer only after determining that it will not frustrate legislative intent.

## What is operational money?

The term “operational money” is not defined for purposes of this statute. In this context, it is generally understood to mean money appropriated to an agency so that the agency can function and fulfill its legal duties. Agencies use operational money to compensate staff, purchase supplies, pay overhead, etc. For purposes of this statute, operational money is generally understood not to include money that the legislature appropriates to an agency to award aid, pass-through grants, or other financial assistance to local units of government, private entities or individuals, or others.

## What is a program?

The term “program” is not defined for purposes of this statute, but in this context it is generally understood to mean the budgetary level at which the legislature typically appropriates operating money to state agencies. This technical, budgetary definition differs from the common usage of the term “program.” For example, for budgetary purposes, the Waste Pesticide Collection Program administered by the Department of Agriculture is a budgetary “item” within the Pesticide and Fertilizer Management “activity,” which is one of several budgetary activities within the Protection Services “program.” Therefore, for purposes of this transfer authority, the term “program” has a technical meaning that often denotes a collection of related activities for which the legislature appropriates one lump sum of money.

## What is an item within an activity?

The term “item within an activity” is not defined for purposes of this statute, but in this context it is generally understood to mean a specific purpose for which the legislature has designated a specific amount of money. In an appropriations law, the legislature typically uses rider language to identify the amount of money it has designated for a specific item within a larger program-level appropriation.

## Are there reporting requirements?

The commissioner of MMB must report each intra-agency transfer to the chairs of the legislature’s main budgetary control committees—i.e., the Senate Finance and House of Representatives Ways and Means committees.

Additionally, state law requires each agency to annually report to the legislature all transfers of appropriations within the agency or between it and another agency if the cumulative value of such transfers totaled more than \$100,000 during the previous fiscal year. An agency must submit this report to the chairs and ranking minority members of the Senate and House of Representatives committees with jurisdiction over the agency’s budget.

## Are there other legal methods for an agency to transfer appropriated money?

In addition to the intra-agency transfer authority described in this publication, state agencies also transfer appropriated funds to other agencies via inter-agency or joint powers agreements pursuant to [Minnesota Statutes, section 471.59](#).

Separately, the commissioner of the Department of Administration is authorized, subject to certain conditions, to transfer functions and employees from one state agency to another to improve efficiency and avoid duplication in the delivery of government services. When this transfer takes place, the corresponding appropriation or portion thereof is also transferred to the receiving agency. [Minn. Stat. § 16B.37](#).

Finally, subject to approval by the Legislative Advisory Commission, agencies may transfer excess operating appropriations to the information and telecommunications systems and services account in the special revenue fund to pay for specific information technology projects, products, or services that create government efficiencies, secure state systems, or address project or product backlogs. [Minn. Stat. § 16E.21](#).

For information on the transfer of duties and personnel from one agency to another, see the House Research publication [Transfer of Executive Branch Responsibilities](#).



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