



400 Wabasha Street North, Suite 400
St. Paul, MN 55102

P: 800.657.3769

F: 651.296.8139 | TTY: 651.297.2361

www.mnhousing.gov

Date: February 17, 2025

To: The Honorable Spencer Igo
State Representative

The Honorable Lindsey Port
State Senator

The Honorable Paul Torkelson
State Representative

The Honorable John Marty
State Senator

cc: Katrina Heimark, Fiscal Analyst
House of Representatives

Erik Olaphason, Fiscal Analyst
Senate

Hannah Silver, Executive Budget Officer
Minnesota Management and Budget

Kevin Parker, Policy Advisor
Governor's Office

From: Jennifer Leimaile Ho, Commissioner, Minnesota Housing

A handwritten signature in blue ink, appearing to read 'Jennifer Ho'.

Subject: 2025 Operating Costs Report

Pursuant to Minnesota Statutes § 462A.20, subd. 4, I am submitting the Agency's Operating Costs Report for FY 2024 and Budget Plan for FY 2025.

Our FY 2024 operating budget was \$48.1 million and we estimate our operating budget will be \$54.8 million for FY 2025. This increase is driven both by increased costs associated with existing employees as well as the addition of new employees necessary to implement the historic state housing resources and the doubling of agency programs resulting from the 2023 Legislative session. Total assistance provided in FY 2024 was \$1.962 billion and our ratio of operating expenses to assistance provided was 2.45%.

Also enclosed is the Agency's FY 2024 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The FY2024 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

If you have any questions, please contact me at (651) 296-5738 or Jennifer.Ho@state.mn.us or Ryan Baumtrog at (651) 296-9820 or ryan.baumtrog@state.mn.us



Operating Costs Report for FY 2024 and Budget for FY 2025
Submitted Pursuant to M.S. 462A.20, Subd. 4

<u>Operating Costs</u>	<u>FY 2024</u>		<u>FY 2025</u>				<u>Estimated Yr over Yr Increase (Decrease) in Spend</u>
	<u>Budgeted Spending</u>	<u>Actual Spending</u>	<u>Budgeted Spending</u>	<u>Actual Spending through 12/31/2024</u>	<u>Estimated Spending for the Full Year</u>	<u>Under (Over) Budget</u>	
Salaries and Benefits (Note A)	45,154	40,124	48,165	20,156	44,602	3,563	4,478
Rents and Utilities	1,759	1,686	1,770	854	1,743	27	57
Repairs, Alterations, Maintenance	124	77	141	16	86	55	9
Printing and Advertising	120	65	149	38	118	31	53
Professional/Technical Services (Note B)	5,158	1,870	6,812	1,233	3,482	3,330	1,612
Computer and Systems Services	2,069	2,318	2,214	930	1,883	331	(435)
Communications	118	92	113	38	97	16	5
Travel and Subsistence, Instate	250	143	277	86	219	58	76
Travel and Subsistence, Out of State	296	185	389	88	338	51	153
Supplies	183	375	203	42	143	60	(232)
Equipment	816	119	512	6	261	251	142
Employee Development	455	314	565	149	422	143	108
Other Operating Costs	386	292	640	263	532	108	240
State Indirect Cost Billings (Note C)	306	306	740	370	740	0	434
Attorney General Costs	150	142	225	70	183	42	41
Total, Agency Operating Costs	57,344	48,108	62,915	24,339	54,849	8,066	6,741

Assistance Provided

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Total Assistance Provided by the Agency	1,091,030	1,117,548	1,266,939	1,353,737	1,599,546	1,919,613	2,178,282	1,846,050	1,962,226
Operating Costs as a % of Assistance Provided	2.82%	3.19%	2.84%	2.58%	2.32%	1.99%	1.80%	2.28%	2.45%

NOTE A, Salaries and Benefits. The increase in salaries is due mainly to a 4.5% Cost of Living increase and progression increases for those eligible, as well as an increase in FTE's hired to help deliver the many new state appropriated programs. **NOTE B, Professional & Technical Services.** The increase in Professional & Technical Services is due mainly to the grants management and website revamp in our IT department, as well as a contract for consultants with lived experience in the Olmstead Implementation Office. **NOTE C, State Indirect Cost Billings.** The increase in State Indirect Cost Billings is due to increased billing from the State of MN for services provided; the largest increase being program audits by the Office of the Legislative Auditor related to pandemic programs.